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REPORT OF THE

Secretary of Agriculture

1953

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To the President

FOREWORD

On February 5, 1953, as you know, I issued a "General Statement on Agricultural Policy." It was based on deep thought—on personal experience—and on the opinions and conclusions of a wide range of agricultural leaders. It had been reviewed both by the National Agricultural Advisory Committee appointed by you and by farm and agricultural leaders in Congress.

This basic statement of policy has provided the guideposts for our administration of the Department of Agriculture during the year 1953. I deem it appropriate, therefore, to set down this general statement on agricultural policy as a foreword to my first annual report.

"The supreme test of any government policy, agricultural or other, should be, 'How will it affect the character, morale, and well-being of our people?' We need—the world needs—a strong America in the critical years ahead.

"Freedom is a God-given, eternal principle vouchsafed to us under the Constitution. It must be continually guarded as something more precious than life itself. It is doubtful if any man can be politically free who depends upon the State for sustenance. A completely planned and subsidized economy weakens initiative, discourages industry, destroys character, and demoralizes the people.

"Rural people are a bulwark against all that is aimed at weakening and destroying our American way of life. The future of agriculture and the preservation of a sound economic system depend upon the vigorous reemphasis of the principles, benefits, and values of private competitive enterprise. No group in America is in a better position to contribute to this need than those who live on farms.

Agriculture is a basic industry. We recognize that agricultural policy is only a part, but a vital part, of our total national policy.

"With the development of mechanized commercial agriculture, the family farm has become closely geared into a complex interdependent industrial economy. There is no hope for peace, growth, or prosperity if each economic group is seeking its own advantage to the detriment of others. To make their best contribution to national welfare, farmers must have the full cooperation of industry and labor, because each is dependent upon the effective performance of the other economic groups.

"The objective of agriculture is to provide consumers with high quality food and fiber at reasonable prices, improve the productivity of basic land resources, and contribute to higher levels of human nutrition and of living. The reward for these contributions must be an income that will provide the opportunity for a constantly rising level of living for farm people fairly related to that of other large productive groups of the Nation.

"Our agricultural policy should aim to obtain in the market place full parity prices of farm products and parity incomes for farm people so that farmers will have freedom to operate efficiently and to adjust their production to changing consumer demands in an expanding economy. This objective cannot be assured by government programs alone. It can be achieved only with a steady level of prices, high employment and production, and rising output per worker in our total national economy.

"The most important method of promoting the long-time welfare of farm people and the Nation is the support of adequate programs of research and education in the production, processing, marketing, and utilization of farm products and in problems of rural living. This program, with freedom, has enabled farmers to do their full share in providing the American people with the highest level of living in the world. Moderate further balanced expansion is necessary to enable farmers to provide an even better diet for our rapidly increasing population.

"The development of modern agriculture, which has made possible these great achievements, has placed the family farm in a vulnerable economic position because farm prices and income rise and fall more rapidly than farm costs. Hence, the guarding of farm levels of living requires a program of storage and price supports to help assure stability of income. These supports should be designed not only to serve the welfare of farmers, but also—in the widest national interest—to prevent disaster to the farm-producing plant and the national food supply.

"Price support laws will be carried out faithfully in every respect. There are mandatory price supports at 90 percent of parity on the so-called basic commodities for 1953 and 1954. Other laws provide for supports on other farm products. While enforcing these laws, there will be formulated long-term programs which will more fully and effectively accomplish our overall objectives.

"Price supports should provide insurance against disaster to the farm-producing plant and help to stabilize national food supplies. But price supports which tend to prevent production shifts toward a balanced supply in terms of demand and which encourage uneconomic production and result in continuing heavy surpluses and subsidies should be avoided. Our efforts should be to reorient our present national policies and programs so that they will contribute to the development of a prosperous and productive agriculture within our free enterprise system.

"It is generally agreed that there is danger in the undue concentration of power in the Federal Government. Too many Americans are calling on Washington to do for them what they should be willing to do for themselves.

"Individual freedom and cizenship responsibilty depend upon the principle of helping the individual to help himself. It is possible through individual and group action to solve many problems and achieve objectives locally with a minimum of Federal assistance and control.

"The principles of economic freedom are applicable to farm problems. We seek a minimum of restrictions on farm production and marketing to permit the maximum of dependence on free market prices as the best guides to production and consumption. Farmers should not be placed in a position of working for government bounty rather than producing for a free market. However, the ability to avoid restrictions on agriculture depends in part on the willingness of other economic groups to adopt policies that permit flexible and dynamic adjustments.

"Our agricultural policy will emphasize the further development of both domestic and foreign markets for farm products. We will seek ways and means of improving the operation of free markets. We envision increased efficiency in marketing and distribution as well as in production, more complete crop and market reports, improved grading and inspection services, and an expanded educational program for better human nutrition. In these ways, as in others, we can serve the best interests of consumers as well as farmers.

"Inefficiency should not be subsidized in agriculture or any other segment of our economy. Relief programs should be operated as

such—not as an aid to the entire agricultural industry. Emergency programs should be terminated as soon as the emergency is over.

"No agricultural program should be manipulated to serve partisan political purposes.

"In view of these facts, it seems important that a very thorough study, analysis, and evaluation should be made of every public agricultural program now in operation to ascertain if it is actually needed, and, if needed, whether it can be reduced, combined, decentralized, coordinated, or otherwise improved in the interest of agricultural and national welfare. Facts developed from such studies should be placed before Congress—the policy-making body of our Government—for appropriate action.

"The Department of Agriculture, established originally 'to acquire and diffuse useful information on agricultural subjects,' is a great and valuable institution. This Department, employing highly trained scientists and other devoted public servants, in its responsibility to carry out the policies established by Congress, should improve its organization in accordance with sound principles of public administration and practice, strict efficiency and economy. In the various states there are land-grant colleges with their experiment stations and extension services as well as the State departments of agriculture, each having its appropriate area of service. Each of the services for agriculture, now provided by the Government, should be reexamined to determine first whether it can better be met publicly or privately.

"If the service appears to be a public responsibility, then it should be determined whether or not the objectives can be better accomplished through local or State agencies, or through Federal-State cooperation, or through Federal agencies.

"In the administration of this Department, the guiding purpose will be to strengthen the individual integrity, freedom, and the very moral fiber of each citizen. We must establish a climate which will further promote, cultivate, and release the great reservoir of dynamic latent energy of every individual in this great Nation. As Secretary, I will seek the best possible advice from members of the Congress and the entire agricultural industry through conferences with farm organization leaders, advisory committees, and individuals regarding existing and proposed policies and programs."

AGRICULTURE MOVES FORWARD

Dark indeed are the days through which freedom-loving men are groping. In country after country, faith in moral principle is being

ruthlessly ridiculed and stripped of dignity. The belief that man has certain inalienable rights—so endowed by his Creator—is rudely shaken. Godless men and women have seized power over one-third of the world's people. With iron fists they hammer down all who would oppose them.

Churches and synagogues, palaces and cottages, hospitals and schools, all buildings, symbols, and persons that stand against them, they seek to invade, take over, or destroy.

Coldly, relentlessly, and with brutal cruelty they strive to stamp out the democratic ideals for which the United States of America came into being.

In this dark hour, the fate of the world rests largely in our hands. We who live in this choice land have the opportunity, and the responsibility, and the solemn obligation to stand firm for freedom, justice, and morality.

Agriculture Is Basic

To stand firm we must be strong, both militarily and economically. Fortunately, we are strong. The United States produces as much industrial goods as all the rest of the world combined—even though we are only 6 percent of the world's people and possess only 6 percent of the world's land.

The cornerstone of this amazing productivity, which is the foundation of our national strength, is the American farm and the family on it.

From the farms come the mountains of food that have helped to make the American worker the most efficient worker in the world.

From the farms and woodlands come an unending parade of raw materials to fill the needs of industry, both defense and nondefense. Almost two-thirds of the raw materials that enter into the Nation's manufacturing and processing industries are produced on American farms and forest land.

The health of the people—their security—their prosperity—and their future—depend heavily upon the status and capacity of our agriculture.

Accordingly, it has been our contant endeavor, purpusuant to the responsibilities you have given us, to serve American agriculture and through this service to contribute to the welfare of the entire Nation.

The Goals We Seek

The people know the kind of agriculture they want. They want an agriculture that will provide abundance of farm and forest products

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for use—not to pile up in storage. They want an agriculture that will operate in a healthy economy so that farm people will have prices, incomes, and a level of living on a par with the prices, incomes, and level of living of other groups making a comparable productive contribution to the Nation.

These are the goals we seek for American agriculture. They *can* be achieved.

Inherited Problems

Before moving constructively toward these goals, however, we in the Department of Agriculture had first to deal with certain problem situations inherited from our predecessors in Government.

The previous Administration had called for more and more production each year since Korea. It had waived the imposition of acreage allotments and marketing quotas, when, according to law, they were in order for certain crops. As a result, we came face to face with the fastest accumulation of excess reserves which has ever existed in the history of the farm programs.

Inadequate Tools

The problem was made more difficult because the tools available were not fully adequate to the needs of the 1950's. The present farm programs were basically developed during the 1930's as part of the battle against the depression of those years. They were amended during the 1940's as part of this Nation's economic answer to the total war of those years. But the age we now live in is different. The demand situation is different than it was in either the great depression or the great war. The production situation is also different. Output per man-hour of farm labor is now more than one-fourth larger than it was in 1945, when World War II ended.

But even though the programs available were not fully adequate, there was no immediate opportunity to change them.

We set to work with the programs available. We met our problems as well as possible with the tools at hand.

We went beyond the requirements of the law. We made wheat loans available for wheat stored in the open. We provided Government storage for grain. We supported the price of butter and other dairy products at the maximum level provided in the law. We asked from the Congress—obtained—and are using—authority to make loans to meet economic disasters.

Diminishing Demand

All these actions were over and above what was required by law. We have attacked the problem of excess stocks of farm commodities with equal vigor.

Agriculture is now in a period of slackened demands—with smaller defense needs for food, and smaller requirements by the Nation's friends abroad. The plain truth is that farm production in 1953 was larger than the markets—domestic and export—would take at fair prices. With farmers' production costs remaining at extremely high levels, it was clear that some cutbacks in production, and some shifts between types of production would be necessary.

Farm production in 1953 was 44 percent above prewar, while the national population had increased only 24 percent. Thus, even with consumption per capita up considerably from prewar, there was still a large surplus of some products for stocks and exports. Farmers' prices, reflecting this situation, had been sliding off for nearly 3 years. And, in the 1952–53 year, exports of farm products fell off 31 percent from the previous year. This was a major factor in the slide in farm prices which continued into mid-1953 before starting to level out during the summer and fall.

In this situation the task is clear. Agriculture must strive to expand markets for farm products both at home and abroad. Drastic action may be necessary to move the accumulated surpluses of the past several years. Agriculture must also get its production in line with prospective market demands—and cushion the price decline as much as possible through both direct and indirect price supports, wherever practical. These are the first steps toward reasonable stability of farm prices and incomes.

Production Adjustments Needed

The Department has acted along the lines indicated. Within a few days after taking office in January 1953, I issued a plea to cotton producers to reduce their acreage by almost one-fifth—to forestall the need for Government acreage restrictions in 1954. In July I proclaimed marketing quotas for wheat, and they were approved in a referendum in August. During the fall, I called for acreage restrictions on cotton and these were approved by referendum in December. All these were positive steps designed to help bring production into line with demand, as required under present law.

Of course, releasing millions of acres from the production of wheat and cotton creates a problem of what to do with these acres. If they

are planted to other crops already in large supply, new surpluses may result. Producers of many crop and livestock commodities are deeply concerned over the requirements for acreage controls in existing legislation. Many are predicting that more problems will be created than solved by acreage controls. The solution to this problem of the wise use of released acreage is largely local. Production patterns are different in different communities, and even on individual farms. The Department is striving to give farmers the best possible guidance on this matter.

The Cost-Price Squeeze

One of the thorniest difficulties farmers faced was the cost-price squeeze and the decline in farm prices and net income.

A few striking examples illustrate what had happened—before this Administration took office—to the purchasing power of the products farmers sell in relation to the products they buy in operating their farms.

In 1947, 800 bushels of corn would buy a tractor. At the end of 1952 it took about 1,300 bushels—or two-thirds more.

In 1947, 930 bushels of wheat would buy a 12-foot combine. At the end of 1952 it took more than 1,600—or three-fourths more.

In 1947, 9 bales of cotton would buy a pickup truck. At the end of 1952 it took 12 bales—one third more.

The drop in beef prices was even more drastic. In April 1951, average prices of cattle received by farmers were at their all-time high of $30.30. In June 1953 the price was $16.

Many factors were involved in the beef price situation, among them the big increase in cattle numbers, the decline in demand for breeding cattle, liquidation of some cattle because of lack of feed, a slight weakening in the general price level and a lack of confidence in the future on the part of some feeders, OPS fixed prices and compulsory grading, and in some cases lack of credit resources.

Prompt and positive actions were taken to check the drop in beef prices. Price controls and compulsory grading were eliminated, cattlemen were urged to avoid panicky selling, an aggressive merchandising campaign was carried on, and a large-scale program of beef purchases by the Government was undertaken. These purchases took off the market the equivalent of more than 800,000 head of cattle. Partly because of this successful program, the American people in 1953 consumed more beef per person than ever before—an average of 75 pounds. The price of cattle was protected against further declines, while at the same time beef was eaten, not stored.

Drought Relief

Complicating this beef price situation was the most widespread drought since 1936. About 700 counties in the Southwest, the Midwest, and the Carolina-Virginia area were declared disaster areas. The drought problem was attacked upon five specific fronts. In addition to the beef purchase program and merchandising campaign, hay and feed were made available to needy farmers and ranchers; freight reductions of 50 percent were obtained from the railroads on feed shipped in and cattle shipped out of the drought areas; and an emergency credit program was set up. These prompt efforts have proved fruitful.

Reorganization of the Department

To streamline our operations and improve their effectiveness, we have rearranged the Department's administrative machinery into 4 major categories, 3 headed by assistant secretaries. Instead of a large number of people reporting directly to the Secretary as in the past, only 4 or 5 now do so. I am sure this will result in improved service to farmers.

We have paid particular attention to strengthening the Department's work in production adjustment, price stabilization, marketing, research, and soil and water conservation.

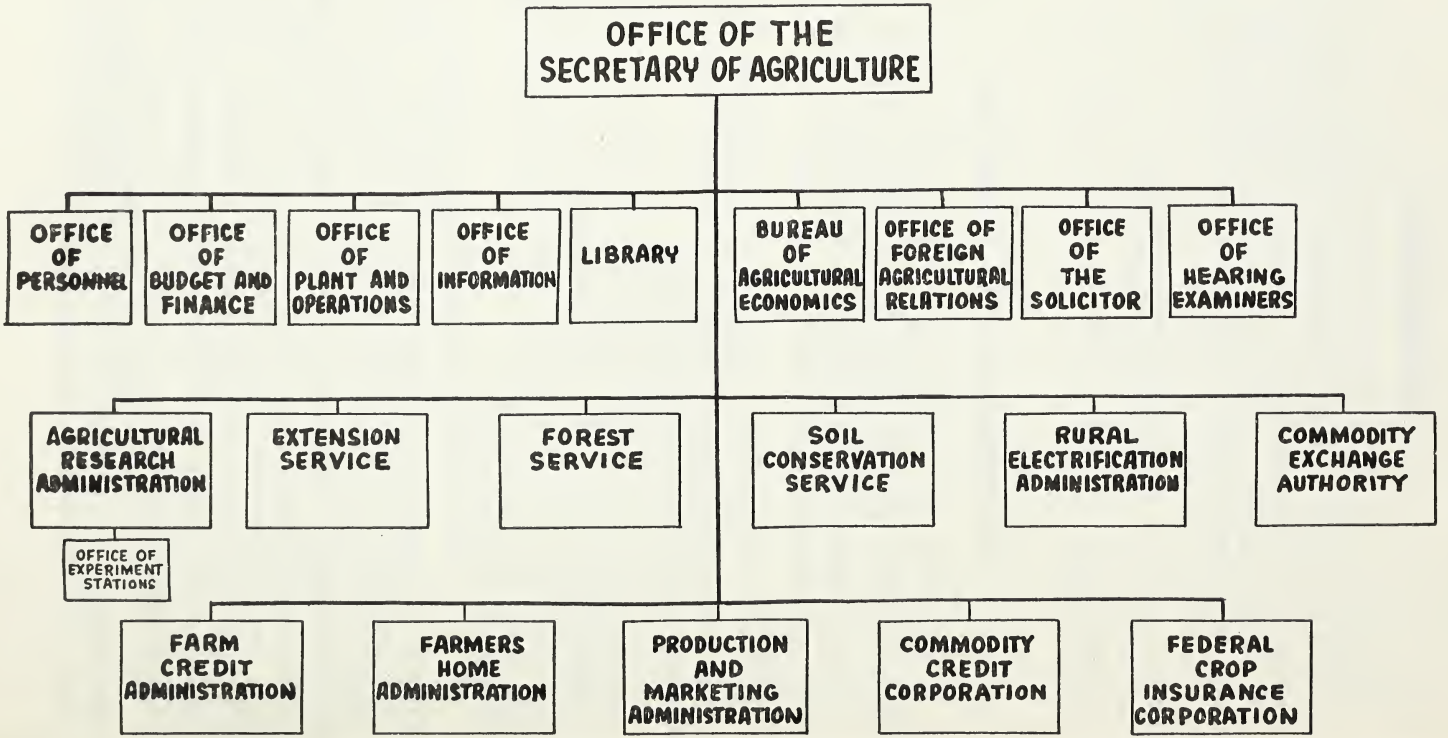
A new Agricultural Marketing Service and the Agricultural Research Service are designed to enable the Department to fit programs to present-day needs. We emphasize marketing rather than production control as the best answer to agriculture's long-range needs. Our aim is to expand markets for farm products, both at home and abroad, on an enduring basis.

The new research service will give larger recognition to the importance of research in safeguarding farm markets. Expenditures for industrial research on many products which are in direct competition with farm products have far exceeded expenditures for agricultural research. New uses, new qualities, new selling points have enabled industrial products first to invade, and then largely to take over, markets that once were major outlets for farm commodities. We do not propose to see farm products "researched" out of their markets in the future as they have been in some instances during the past quarter century.

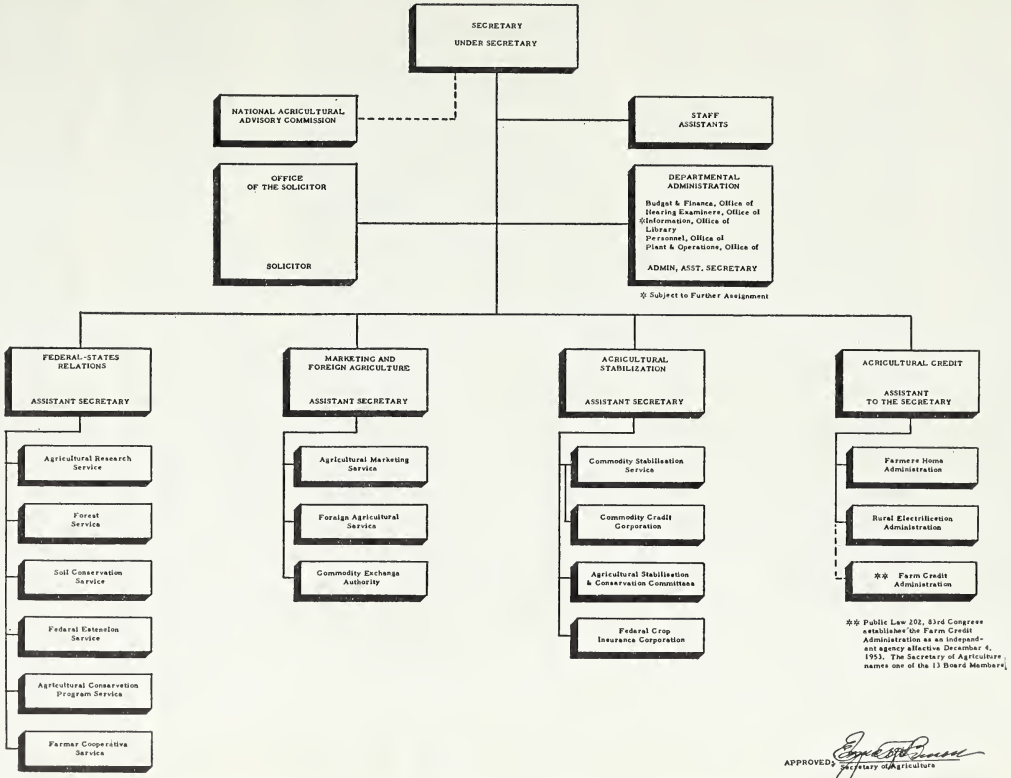
We have also streamlined the soil conservation setup, and for the same reasons: improvement of service to the public and greater efficiency. We have abolished the regional offices of the Soil Conservation

U.S. DEPARTMENT OF AGRICULTURE

ORGANIZATION PRIOR TO JAN. 21, 1953



UNITED STATES DEPARTMENT OF AGRICULTURE



APPROVED: Secretary of Agriculture

DATE: November 2, 1953

Service, because it is clearly unwise for the Department to impose a regional office barrier between the States and Washington. I feel sure the net result will be less red tape, less correspondence, greater service to the public, and better overall administration.

We have reorganized the duties of certain soil conservation personnel to save more than 230 man-years annually, and this saving will be used to give more direct technical assistance to farmers and ranchers.

We have placed all State and county Commodity Stabilization Service committeemen on a when-actually-employed basis. We estimate that this change in field work alone will save well over half a million dollars in State and county office operations while attracting the services of our best farmers. Another million dollars is being saved by closing some commodity, field, and program offices, and consolidating the staff activities delegated under the Defense Production Act.

We are determined to give the American taxpayer full value for this investment in good government and at the same time maintain and improve all essential services to agriculture.

To meet the critical problems developing in foreign trade, a Foreign Agricultural Service was created in the Department. A problem of immense significance to agriculture is the decline in farm exports which I have already mentioned. Since the war and prior to 1953, agricultural exports had been extremely heavy, partly because the United States had itself financed much of its foreign sales through loans and grants. In 1951–52, for example, foreign aid funds financed 14 percent of cotton exports, 18 percent of tobacco exports, and 45 percent of wheat exports. Moreover, these figures do not include shipments that may have been financed through dollar exchange created by military aid or other funds.

In 1952–53, however, agricultural exports, as I have already indicated, dropped sharply. Many factors were involved—among them the dollar shortage abroad, larger world supplies of cotton and wheat and price supports which kept our products above the world price level.

The Foreign Agricultural Service has the responsibility of developing offshore markets for excess reserves of agricultural commodities and reviewing the whole problem of imports and exports. We count on this agency to play an important role in reducing some of the excess reserves which are so burdensome at the present time.

We have used fully, and as effectively as possible, the farm programs available. But these programs do not meet the needs of the 1950's. They do not help to build markets to put products into use at fair prices. They do not permit desirable adjustments in the farm

economy. They do not provide adequate incentive for self-initiative and self-help. They sometimes price commodities out of world markets. They tend to hold a price umbrella over synthetic and substitute products which then take over farm markets.

The Search for Improved Farm Programs

For these reasons we have embarked on a search for improved farm programs better suited to present-day needs. During the latter half of 1953 a great nationwide discussion of farm programs was conducted. Farmers and farm organizations, farm educational leaders and representatives of the entire agricultural industry, congressional committees of both the Senate and the House of Representatives, and the personnel of the Department of Agriculture have all taken part in it.

More than 20,000 letters offering suggestions and recommendations have been analyzed. The major farm groups have reported their findings. More than 60 colleges, experiment stations, foundations, and research organizations have studied special aspects of the farm program situation. Upwards of 30 commodity groups have submitted their suggestions. The National Agricultural Advisory Commission, appointed by you, has reviewed many of the proposals and made its recommendations to me.

This is the sound and constructive way to develop farm program improvements. It provides a solid basis for the Department to make its recommendations to the Congress and a sound framework of knowledge upon which the Nation's legislators can build improved programs for the prosperous and secure agriculture that is our common goal.

THE 1953 RECORD

Farm output per man-hour in 1953 was at an all-time high, 76 percent above the 1935–39 average and about 2 percent above 1952. The Nation's farms, with an agricultural working force slightly smaller than in 1952, turned out about the same production as in 1952.

For more than 4 years, from November 1948 to February 1953, the estimated number of people working on farms went down every month from the number for the same month of the preceding year. Altogether, farm employment has shrunk by more than 1.7 million workers during the past 5 years.

Moreover, farmers found themselves faced with steadily rising costs and the need for using very large quantities of important supplies in their production. In 1953 it is estimated that farmers had available

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for use approximately 5.9 million tons of the three primary plant nutrients combined, whereas in 1940 they used only about 1.7 million tons.

Farmers had more than five times as much invested in machinery and motor vehicles as they had in 1940.

At the beginning of 1953 farmers owned 4,400,000 tractors, or 230,000 more than the year before. They owned 2,500,000 trucks, 90,000 more than at the beginning of 1952. They had 4,400,000 automobiles, a gain of 50,000. The quantity of other machinery on farms was up almost 4 percent over the previous year.

Production, Yields, and Acreage

The indicated total farm output in 1953 was 44 percent larger than in the 1935–39 period. The total quantity of foodstuffs available to consumers was an all-time high.

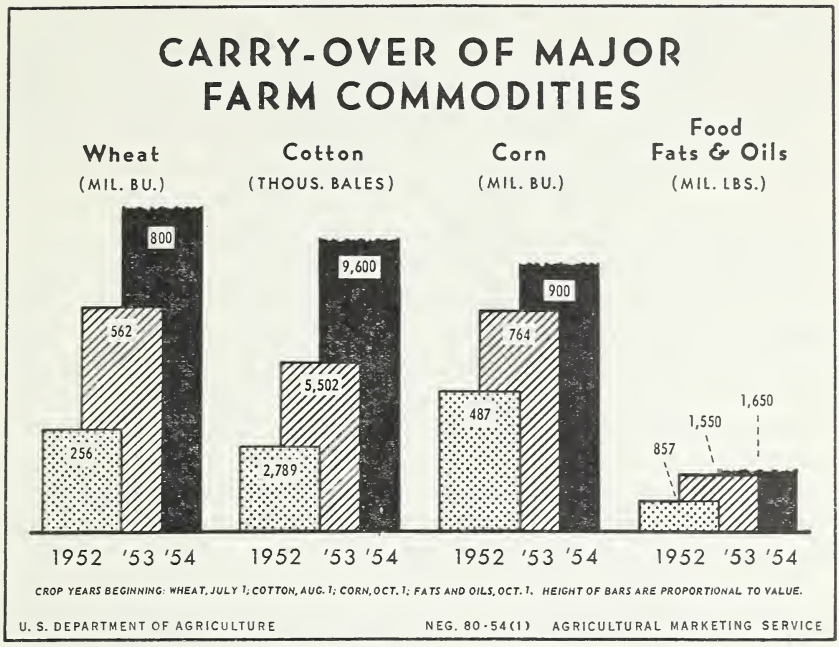
Although the acreage from which crops were harvested was below average, due to bad weather, the aggregate yields per acre were at a record high. The composite yield index for 27 major crops, calculated by the Crop Reporting Board in December, stood at 152 percent of the 1923–32 base, slightly above the previous high established in 1948. New high yields were reached for cotton lint, peanuts, rice, dry beans, cranberries, and sugar beets. Among the crops for which yields were above average were corn, tobacco, winter wheat, rye, buckwheat, alfalfa, dry peas, potatoes, and sweetpotatoes. Below average were the yields of spring wheat, durum wheat, oats, flaxseed, soybeans, sorghum, and several other crops.

The principal crops were planted or grown in 1953 on about 360 million acres, over 3 million acres more than in 1952. Harvested acreages were larger for oats, up 3 percent; potatoes, 8 percent; rice, up 9 percent; sugar beets, up 11 percent.

Harvested cotton acreage was down 6.4 percent from 1952. Corn acreage also was down slightly.

Total wheat production for 1953 was estimated in December at 1,169 million bushels, compared with 1,299 million bushels in 1952, and 7 percent above the 1941–50 average. Wheat supplies for the marketing year are calculated at about 1,736 million bushels. These supplies include the 1953 crop, plus imports of feeding-quality wheat estimated at about 5 million bushels, and carryover of 562 million bushels.

Domestic requirements of wheat in 1953–54 may total about 700 million bushels—about 500 million for civilian and military food, 80 million for seed, and 120 million for feed. This would leave a total



of 1,036 million bushels available for export this year and for carryover on July 1, 1954.

The 1954 acreage allotment for wheat is 62 million acres, or about 16.6 million acres less than for 1953. Under average yield conditions, this would mean a harvest of about 950 million bushels. A crop of this size in 1954, together with the carryover and imports, would provide a total supply of domestic wheat of approximately 1,750 million bushels, about the same as the total supply available for the marketing year, 1953–54. The support level for wheat will be 90 percent of the parity price at the beginning of the marketing year, but not less than $2.20 per bushel.

Corn production for 1953 was 3,176 million bushels, compared with 3,279 million in 1952, and the 1941–50 average of 3,036 million bushels. Production of corn for grain was estimated at 2,869 million bushels, compared with 2,977 million in 1952. The national average price support on 1953 corn is $1.60 per bushel, the same as in 1952. In 1954 corn will again be supported at 90 percent of parity.

Corn supplies in 1953–54 are estimated at about 3,942 million bushels, as against 3,767 million bushels the previous year. Total domestic use and exports in 1953–54 may be a little over 3 billion bushels.

The 1953 cotton crop of 16,437,000 bales of 500 pounds each was the fourth largest of record. This crop was about 9 percent larger than the 1952 crop and over 25 percent above the 10-year average. The supply of all cotton in the United States for the marketing year which began August 1, 1953, is estimated at about 22 million running bales. Total requirements for the 1953–54 marketing year are expected to be well below this total, and the carryover next August 1 appears likely to be the largest of the postwar period.

Oilseed tonnage was one of the largest of record. The total was 1.5 percent below the 1952 record, but about a fifth above average. The peanut crop was below average. Production of commercial fresh market vegetables set a new high record, about 6 percent above 1952. The output of the 11 vegetables important for commercial processing was about 2 percent less than 1952 production. Output of deciduous fruits was 5 percent below 1952, and 9 percent below average. Tobacco production was about 9 percent less in 1953 than in 1952, and 12 percent below the 1951 record. The potato crop was 7 percent above 1952, but 9 percent below the 1942–51 average.

Meat production in 1953 (beef, veal, lamb and mutton, and pork, excluding lard) was about 8 percent greater than in 1952, and was second only to the 1944 record. Per capita civilian consumption was about 153 pounds, 9 pounds above that in 1952, but the same as in 1947. Cattle and calf slaughter for 1953 was up 30 percent from 1952, bringing a small reduction from the previous record numbers, indicating a somewhat lower beef output in 1954 and after.

The upward cycle of cattle on United States farms, which began in 1949 after a 4-year decline, thus was ended in 1953. At the beginning of 1953 cattle and calves on farms were estimated at 17 million more than the 77 million in 1949. Only a small decrease took place during 1953.

Hog production (number of pigs saved) for 1953 was estimated at about 82 million head, 9 million fewer than in 1952, and the smallest since 1940. The sheep and lamb population had fallen from the January 1, 1942, peak of over 56 million head to a record low of 29.8 million on January 1, 1950, and then increased in 1950 and 1951. But the uptrend was halted in 1952. In 1953 numbers apparently again eased a little lower.

The poultry industry in 1953 set a new record for aggregate production, registering 201 points on the 1935–39 base index, as against 199 in 1952. Production of broilers is estimated about 5 to 7 percent above 1952 and a small rise in broiler production is looked for in 1954. Egg production is likely to be slightly higher in 1954.

Milk production for 1953 is estimated at over 119 billion pounds, compared with 115 billion pounds in 1952 and the 1945 record of 120 billion. Production of milk per cow was slightly more than the 5,328 pounds of 1952, and far above the 1935–39 average of 4,403.

Farm Income and Prices

Gross farm income declined in 1953, but production expenses continued at near-record levels. Farm operators realized net income from farming is estimated to be about $12.5 billion, down 1 billion from 1952 and $4.3 billion lower than the record $16.8 billion in 1947. The purchasing power of farmers' realized net income in 1953 was down 8 percent from 1952, and lowest since 1940.

Cash receipts from marketings were about $31.2 billion, 4 percent less than in 1951.

Realized gross farm income for 1953—including value of home-consumed farm products, rental value of farm dwellings, and government payments to farmers, in addition to cash receipts from marketings—may total about $35.1 billion, 4 percent less than in 1952.

Total expenses of farm production were estimated at $22.6 billion, compared with $23.0 billion in 1952.

The index of prices received by farmers in the first 11 months of 1953 averaged (1910–14=100) 11 percent below a year earlier. The all-time high was 313 in February 1951.

The index of prices farmers paid, including interest, taxes, and wages stood at 277 (1910–14=100) on November 15, compared with 282 a year earlier. At the year's end farm prices averaged 91 percent of parity, compared with 94 percent in February 1953, 100 percent in February 1952, and 113 percent in February 1951.

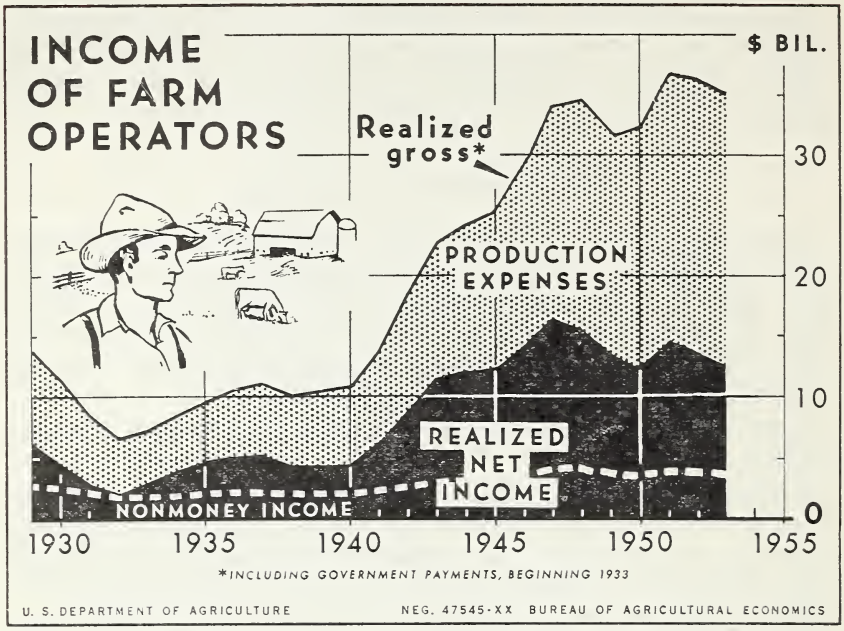
Food Consumption

Total domestic food utilization in 1953 was about 39 percent larger than in the prewar period, 1935–39.

Per capita civilian consumption of food was about 12 percent larger than in 1935–39. Consumption of beef, veal, lamb, margarine and shortening increased during 1953, but per capita consumption of poultry and eggs, pork, and lard decreased.

Per capita supplies of most of the major foods available to civilians in 1954 will probably average about the same, except for meats, as they have during the last 3 years.

The peak year for per capita food consumption was 1946, when the index reached 114, based on the 1935–39 average as 100. In 1947 the



From its 1947 peak of 16.8 billion dollars, farm operators' realized net income dropped steadily to a postwar low of 12.4 billion dollars in 1950. Half of this loss was regained in 1951, when realized net income rose to 14.6 billion dollars, but further declines in 1952 and 1953 have nearly cancelled the 1951 gain.

Realized gross farm income in 1953 is estimated to be 4 percent lower than in 1952, with production expenses reduced only slightly. Consequently, realized net income is down about a billion dollars to approximately 12.5 billion, or only a little above the postwar low reached in 1950.

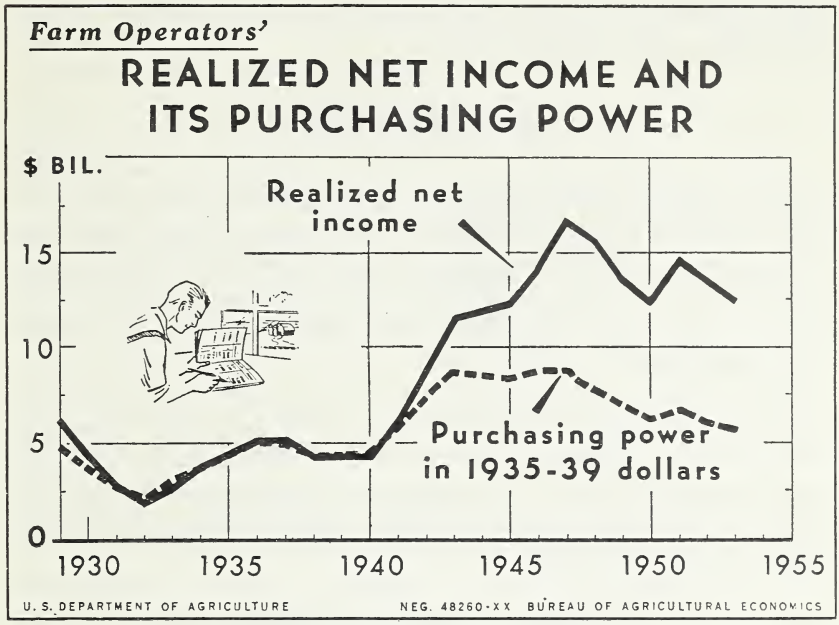
Production expenses are taking a larger slice of farmers' gross income. In 1953, farmers are retaining as net income only about 36 percent of their realized gross farm income. This is the smallest percentage for any year since 1932.

Gross farm income, net income, and production expenses of farm operators, United States, 1910-53

Year	Realized gross farm income 1/	Production expenses	Realized net income from agriculture 1/	Year	Realized gross farm income 1/	Production expenses	Realized net income from agriculture 1/
	Million dollars	Million dollars	Million dollars		Million dollars	Million dollars	Million dollars
1910	7,349	3,556	3,793	1933	7,050	4,358	2,692
1911	7,075	3,595	3,480	1934	8,465	4,699	3,766
1912	7,556	3,839	3,717	1935	9,585	5,085	4,500
1913	7,817	3,980	3,837	1936	10,627	5,563	5,064
1914	7,633	4,064	3,569	1937	11,185	6,090	5,095
1915	7,866	4,162	3,704	1938	10,037	5,805	4,232
1916	9,523	4,786	4,737	1939	10,426	6,165	4,261
1917	13,145	6,097	7,048				
1918	16,242	7,483	8,759	1940	10,920	6,622	4,298
1919	17,681	8,349	9,332	1941	13,707	7,655	6,052
				1942	18,592	9,743	8,849
1920	15,910	8,989	6,921	1943	22,870	11,330	11,540
1921	10,447	6,722	3,725	1944	24,113	12,143	11,970
1922	10,877	6,669	4,208	1945	25,323	13,037	12,286
1923	11,956	7,005	4,951	1946	28,967	14,774	14,193
1924	12,607	7,379	5,228	1947	34,002	17,228	16,774
1925	13,596	7,373	6,223	1948	34,520	18,916	15,604
1926	13,192	7,402	5,790	1949	31,763	18,170	13,593
1927	13,230	7,464	5,766				
1928	13,468	7,769	5,699	1950	32,066	19,704	12,362
1929	13,832	7,702	6,130	1951	36,961	22,317	14,644
				1952	36,526	23,027	13,499
1930	11,420	6,990	4,430	1953 2/	35,100	22,600	12,500
1931	8,378	5,549	2,829				
1932	6,400	4,502	1,898				

1/ Not adjusted for inventory changes; beginning with 1933, includes Government payments.
2/ Tentative estimates as of September 1953.

Data published periodically in Farm Income Situation (BAE).



From 1947 to 1950, farmers' dollar incomes dropped 26 percent, their purchasing power 29 percent. In 1951, farmers' dollar incomes recovered about half of their previous drop, but their purchasing power regained only a fifth of its previous decline. Although prices paid by farmers for family living items have remained fairly stable since 1951, further declines in net dollar incomes have reduced farmers' purchasing power to a new postwar low in 1953, approximately equal to its 1941 level.

Farm operators' realized net income and its purchasing power, United States, 1929-53

Year	Realized net income	Prices paid by farmers for commodities used in family living 1935-39=100	Purchasing power in 1935-39 dollars	Year	Realized net income	Prices paid by farmers for commodities used in family living 1935-39=100	Purchasing power in 1935-39 dollars
	Million dollars	Percent	Million dollars		Million dollars	Percent	Million dollars
1929	6,130	125	4,904	1942	8,819	121	7,313
				1943	11,540	134	8,612
1930	4,430	117	3,786	1944	11,970	142	8,430
1931	2,829	100	2,829				
1932	1,898	86	2,207	1945	12,286	147	8,358
1933	2,692	87	3,094	1946	14,193	163	8,707
1934	3,766	99	3,804	1947	16,774	192	8,736
				1948	15,604	203	7,687
1935	4,500	100	4,500	1949	13,593	197	6,900
1936	5,064	100	5,064				
1937	5,095	104	4,899	1950	12,362	199	6,212
1938	4,232	99	4,275	1951	14,644	217	6,748
1939	4,261	97	4,393	1952	13,499	219	6,164
				1953 1/	12,500	218	5,735
1940	4,298	98	4,386				
1941	6,052	105	5,764				

1/ Tentative estimates as of September 1953.

Data published periodically in Farm Income Situation, Bureau of Agricultural Economics.

index declined to 112. In 1948 it fell to 109 and remained at about this level in 1949, 1950, and 1951.

The Balance Sheet

Although physical assets of American agriculture were 3 percent smaller in dollar value on January 1, 1953, than a year earlier, they were 2 percent higher in terms of 1940 prices. Total assets were valued at $164.8 billion. Farm real estate was valued at $92.3 billion, nonreal estate was valued at $50.6 billion, and financial assets at $21.9 billion. Proprietors' equities were $148.8 billion, a decrease of 3 percent for the year.

Farm real estate value rose sharply after the outbreak of the Korean conflict in June 1950. On November 1, 1952, the index of average value per acre of farm real estate was 212 (1912–14 base), 18 percent above November 1, 1950. The index declined 6 percent between November 1, 1952, and November 1, 1953. Some further moderate declines are expected in 1954.

Agricultural Employment

The total number of persons working on farms, January–November 1953, averaged about 8,779,000, compared with 8,868,000 for the same period in 1952 and 9,685,000 for the 1948–52 average. About 1 person out of 4 so employed was a hired worker, the others being farm operators and unpaid members of farm families.

Cash farm wage rates which had risen steadily since 1940 declined in 1949, but advanced again during 1950, 1951, 1952, and 1953. In October 1953, hourly wages for farm labor without room and board averaged 77 cents, compared with 76 cents a year earlier.

PRODUCTION AND MARKETING ACTIVITIES

Heavy supplies of farm products, some weakening in export demand, and considerable pressure on prices were factors that influenced several major programs of the Production and Marketing Administration [1] during the fiscal year 1953. Plentiful stocks of most foods and fibers turned the spotlight on production adjustment operations and away from measures aimed at increasing agricultural output. The decline in prices received by farmers for their commodities brought

[1] The functions of PMA under the reorganization of the Department are now absorbed by Agricultural Stabilization and the Agricultural Marketing Service.

sharply expanded price-support activity and, in turn, the need for enlarging the capacity for storing "price-support" grain. In the field of distribution, programs to stimulate movement of plentiful foods through normal trade channels were given special attention, and marketing service and regulatory activities were geared to a situation of abundance.

The production goals program was discontinued in 1953 except for vegetables and melons, "guides" for those crops being retained to help avoid the need for surplus-removal operations. Special suggestions, however, were passed along to producers of cotton and flaxseed. In the case of cotton, growers were urged to reduce plantings for 1953 by about 18 percent from 1952. As for flaxseed, it was suggested that farmers put in 10 to 15 percent less acreage than was seeded in 1952.

A large crop of wheat was in prospect in June 1953 and this current production, plus carryover and imports, brought the "total" supply to 1,171 million bushels, or 48 percent above the "normal" supply, as defined in the Agricultural Adjustment Act of 1938, as amended. This supply situation made mandatory the proclamation of acreage allotments and marketing quotas for the 1954 crop, inasmuch as the law requires quotas, barring existence of a national emergency, whenever the total supply on July 1 exceeds the normal supply by 20 percent. Wheat growers voted 87 percent in favor of quotas in a national referendum on August 15. A similar situation led to allotments and quotas on 1954 cotton.

Marketing quotas were approved by tobacco growers for 1953 crops of burley flue-cured fire-cured, dark air-cured, Virginia sun-cured, Maryland, and cigar filler and binder tobaccos. Marketing quotas also were in effect for 1953-crop peanuts.

PMA worked closely with the defense agencies responsible for allocating scarce materials. A few local shortages were felt in the case of a small number of items, but there were generally adequate supplies of such production essentials as fertilizer, pesticides, tractors, trucks, farm implements, wire products, food-processing machinery, and containers. Under its delegated authority, PMA continued to allot controlled materials required for agricultural construction, to make recommendations for accelerated tax amortization, and to certify applications for defense loans.

As in the previous year, PMA maintained close liaison with the Selective Service System, the Department of Labor, the Department of Defense, and other agencies whose activities affect the availability of farm workers. Although labor problems arose on many individual farms, shortages of workers did not unduly hamper agricultural production.

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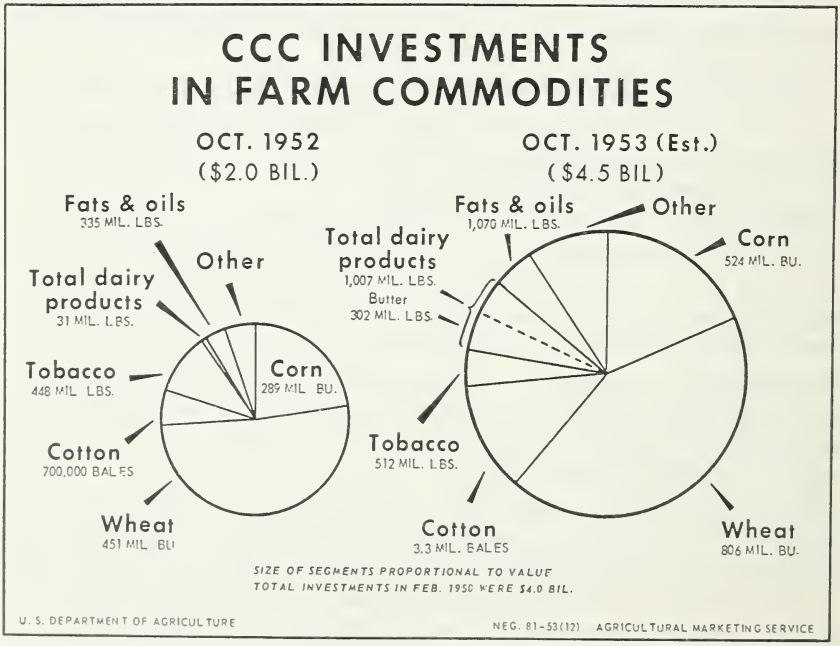
In January 1953, administrative responsibility for the agricultural conservation program was transferred from the Commodity Marketing and Adjustment Group, of which PMA was a part, to the Research, Extension, and Land Use Group. For an interim period, however, facilities and field services of PMA were used in carrying out agricultural conservation program operations.

Price Support

Price-support statistics reflect the generally softer price situation. support extened on 1852 crops totaling $2,864 million, as compared with $1,061 million on 1951 production. Increases in the volume of support extended were especially large in the case of wheat, corn, cotton, cottonseed, wool, and dairy products.

Loans outstanding at the end of the fiscal year totaled $1,137 million, as compared with $364 million on the same date a year earlier. The cost value of commodity inventories on June 30, 1953, was $2,339 million, as compared with $1,073 million a year earlier. The price-support "investment" of the Commodity Credit Corporation at the end of the 12-month period (the dollar total of loans outstanding plus the value of inventories) was $3,476 million, as compared with $1,437 million at the end of the fiscal year 1952.



Net realized losses charged against the price-support program totaled $61,146,000, as compared with $67,352,000 for the fiscal year 1952.

By October 1953, CCC investments in farm commodities had risen to about $4.5 billion, more than double those of October 1952. Wheat made up nearly half the total investments.

Increased production of crops and a heavier volume of price-support activity accentuated storage problems of CCC. In June 1953, CCC started to contract for grain bins to hold approximately 90 million bushels. And earlier in the year, CCC purchased and erected in Texas, Oklahoma, and Virginia, peanut-storage structures having a capacity of about 1.7 million bushels. As an emergency measure, CCC arranged with the Maritime Administration for the use of 29 million bushels of capacity represented by 75 idle cargo ships on the Hudson River in New York and by 50 ships on the James River in Virginia. CCC also encouraged, through loans, the building of on-farm storage structures having an aggregate capacity of 19 million bushels. And an additional 26 million bushels of capacity were contracted for at the end of the fiscal year under the "storage-guarantee" program—a program through which CCC encourages commercial warehouse firms to expand their grain-storage capacity by agreeing to make annual payments if occupancy of the new structures falls below a specified percentage of storage capacity during the contract period.

(By late December 1953, acceptances under the Department's grain occupancy guarantee program covered nearly 200 million bushels of new commercial storage space.)

International Wheat Agreement

Sales of wheat during the first 11 months of the fourth International Wheat Agreement year (which covered the period August 1, 1952, to July 31, 1953) amounted to 239,109,000 bushels out of a total 12-month quota of 253,128,000 bushels. All these sales, to 41 different importing countries, were made at or near the maximum agreement price—the equivalent of $1.80 per bushel for bulk wheat in store at Fort William-Port Arthur, Canada.

Subsidies of $125,865,000 were paid on 223,704,000 bushels of wheat, or an average of 56 cents per bushel. Some of these payments related to sales made during the third agreement year, others the fourth.

The agreement was revised and renewed for a 3-year period that will end July 31, 1956. A former member, the United Kingdom, did not sign the renewed agreement, but four new members—Jordan, Korea, Yugoslavia, and Vatican City State—became signatories.

Section 32 Operations

As in other recent years, programs were carried out, under section 32, of Public Law No. 320, 74th Congress, to stimulate disposal of surplus commodities through encouragement of export, increased domestic distribution, and diversion to new markets and uses. Section 32 funds were spent in the fiscal years 1952 and 1953 as follows:

Project obligations:	*Fiscal year 1952*	*Fiscal year 1953*
Exports	$16, 755, 053	$11, 674, 826
Direct distribution	35, 220, 501	56, 717, 259
Diversion	986, 080	1, 456, 350
Administrative expenses	3, 037, 131	3, 031, 588
Total above projects	55, 998, 765	72, 880, 023
Allotments and transfers to cooperating agencies	254, 180	182, 597
Total obligations	56, 252, 945	73, 062, 620
Unobligated balance	219, 462, 823	327, 440, 515
Total funds available	275, 715, 768	400, 503, 135

The Agricultural Act of 1948 provides that sums up to and including $300 million shall remain avaliable for section 32 purposes until spent, but that any excess of the amount remaining unexpended at the end of any fiscal year over $300 million shall revert to the Treasury. Accordingly, $27,440,515 of the unobligated balance shown in the foregoing tabulation for the fiscal year 1953 reverted to the Treasury.

Export payments were made on apples, pears, oranges, grapefruit, lemons, dried apples, canned citrus juices, canned citrus sections, dried prunes and raisins, and extracted honey. Commodities purchased for direct distribution included fresh apples, concentrated orange juice, extracted honey, nonfat dried milk, shell eggs, shelled pecans, dry edible beans, and pork. Diversion payments were made on almonds.

(In the period January–October 1953, more than $106 million of section 32 funds were used to move surpluses and seek new outlets for commodities hardest hit by price declines.)

Sugar Program

Operations under the Sugar Act of 1948 stabilized sugar prices, wholesale prices of refined sugar varying narrowly between 8.80 and 8.50 cents per pound during the fiscal year. Sugar requirements for 1953 were determined to be 7.8 million short tons, raw value, in December 1952, but were raised to 7.9 million tons in April 1953. Payments made to producers meeting labor, wage, price, and market-

ing provisions of the Sugar Act totaled a little over $63 million. Sugar tax collections amounted to more than $82 million.

Marketing Agreement and Order Programs

Federal orders for regulating the handling of milk totaled 49, an increase of 4 from the 45 orders in effect on June 30, 1952. The 4 new orders issued during the year covered the Fort Smith, Ark., Sioux Falls, S. Dak.; Stark County, Ohio; and central west Texas areas. Twenty-five marketing agreement and order programs covering 20 fruits and vegetables and tree nuts were in effect—the same as a year earlier. The marketing agreement and order program covering shade-grown cigar-leaf (type 62) tobacco, which became effective June 3, 1952, was continued.

Special Distribution Programs

Cooperating with producer and food industry groups, PMA carried on nationwide merchandising programs to focus maximum attention on beef, honey, pears, peaches, and raisins which were in abundant supply. The beef program, which was set in motion rapidly following sharp declines in cattle prices, greatly increased sales and consumption of beef. The honey program was so successful that the industry has organized a committee to coordinate plans for continued merchandising efforts. Twenty-five other merchandising programs were conducted on an area or local basis. An average of 19 foods appeared on each monthly Plentiful Foods List issued.

Participation in the national school lunch program totaled 9.8 million children—5 percent more than in the preceding year and a new high record.

CONSERVATION AND LAND USE

The soil, water, range, and forest resources of the United States are the foundation blocks in the structure of our national economy. From that base comes our food, most of our clothing, paper and other fiber, and much of our shelter.

How well we protect and improve these resources in the years ahead will have a direct bearing on our standard of living in the towns and cities as well as on the farms and ranches.

The demands upon agriculture will grow heavier. By 1975 we shall likely need the production equivalent of an additional 115 million acres of improved cropland to keep pace with the demands of a growing population. Present estimates are that we will fall short of that requirement by as much as 70 million acres. We do not have enough new land to supply that need.

To meet rising demands, we shall have to depend mainly on increasing the per-acre yields on our crop and pasturelands, and on our range and forest lands.

We know this can be done. The best farmers in all parts of the country are making their soils produce about double what the average farmer is producing. A major job ahead is to narrow that gap.

Modern conservation involves proper land use, protecting the soil against erosion and other forms of deterioration, correcting deficiencies of lime and plant nutrients, rebuilding eroded and depleted soils, protecting and improving forest and farm woodland, improving grasslands, conserving moisture for crop use, reducing flood and sediment damage, improving the quality and regularity of water yields, installing proper agricultural drainage and irrigation, and increasing crop yields and income—all at the same time.

It means putting into use on the land combinations of good practices—combinations fitted to the soil and water resources of each piece of land, and to the human resources and capabilities of each landowner or operator.

Resource conservation is not fully effective without the wise use of machines, the breeding of better animals, the development of new and improved plant varieties and new chemicals, and improved technology in the utilization and marketing of the products.

Modern resource conservation further includes the planning and treatment of entire watersheds. That job is to gear together the management of crop, range, and forest lands, and the treatment of watercourses in the upper watersheds to minimize the damage of floods and sedimentation, and to improve the quality and regularity of water supplies. In watershed-protection programs, local people and organizations, both on the farms and in the towns and cities, have to team up with local, State, and Federal Governments to share the cost and work out improvements to benefit them all.

Soil and water problems are urgent and their solution is difficult. The scientist and the legislator, the technician and the businessman, the educator and the sportsman—each has an important part of the job. All the people have a vital stake in the success of the national resource-conservation program.

The final responsibility, however, for carrying out a sound, vigorous program of conservation rests with the people who own and operate the land. Soil conservation districts, and other groups, locally organized and locally directed, provide effective mechanisms by which the conservation program can be locally managed and kept close to particular local needs. Teamwork is the key to a successful, productive program that will build and maintain strength in the land.

It is the responsibility of Federal and State agencies of Government to bring to farmers, ranchers, and other landowners the kind of assistance in resource conservation they cannot provide for themselves.

Three main resource-conservation jobs are ahead. We need to:

1. Accelerate both research and education so that improvements in agricultural resources are obtained and passed quickly on to those who can use them.

2. Improve technical aid to landowners and operators and help speed up the survey of soil resources and the planning and application of needed conservation measures on the farm, ranch, and forest lands of this country—acre by acre and watershed by watershed.

3. Encourage local leadership such as is provided by soil conservation districts, watershed organizations, and other community and neighborhood teams of people.

It will be our purpose to strengthen in every way possible the resource-conservation activities of the Department of Agriculture, including recommendation to the Congress of such legislation as may be considered necessary to improve that work.

Conserving and improving our soil, water, range, forest, and wildlife resources is high-priority business for all of us.

Soil Conservation Service

At the end of the fiscal year, 2,549 soil conservation districts had been organized in States, Territories, Puerto Rico and the insular areas of the United States. These districts covered about 87 percent of all farms and ranches. The Department and the Soil Conservation Service were cooperating, by request with 2,477 of these districts and were making plans to extend technical or other aid to the remainder as rapidly as requests were submitted and facilities would permit.

Altogether, about 235,000 farmers and ranchers became cooperators with their local soil conservation districts during the year. This brought the total number of active district cooperators to about 1,297,000. Most of these farmers and ranchers received technical or other aid from the Soil Conservation Service during the year. The amount of conservation work applied to the land by soil conservation district cooperators this year was about 7 percent greater than in 1952 and about 40 percent greater than in 1948. In addition, there was a considerable increase in the installation of flood water retarding structures and other off-side flood prevention measures under SCS supervision on watersheds approved for such operations.

The "progressive planning" procedure initiated by the SCS in 1951 has been responsible for much of the accelerated progress of the last

2 years. Closer cooperation between SCS, ACP, and soil conservation districts has also been a factor. For example, about 567,000 ACP participants received one or more types of technical aid by SCS technicians during the year. About 49 percent of these ACP participants were already soil conservation district cooperators and another 12 percent became district cooperators during the year. Another factor in the accelerated progress in soil conservation has been the increased interest in upstream watershed treatment for flood prevention and other conservation purposes.

Further progress was made this year toward getting coordination of effort among the various agencies of the Department of Agriculture, other Government Departments, and State agencies engaged in conservation work. This was especially apparent in the relations of SCS and the land-grant colleges. Technical work conferences were held in 35 States. These were attended by personnel from SCS, land-grant colleges, and other agencies. These workshops were effective in bringing problems before the cooperating groups, for developing a better understanding of actions taken, and for reaching agreement on technical recommendations. The SCS and the Extension Services of several States also started trial programs to broaden the scope of farm and ranch plans to include more farm management aspects. The ultimate goal of this program is to combine basic soil conservation plans with farm and home management plans into "complete farm plans."

During the year much progress was made toward simplifying soil survey activities of the Department by combining the soil survey work of the Agricultural Research Administration with the soil conservation survey work of the SCS. The Division of Soil Survey of the BPISAE was transferred to the SCS. Through this transfer, all soil survey programs of the Department were consolidated in the SCS, and are now being carried out by the SCS in cooperation with State experiment stations and local agencies. Revised legends and new correlation procedures were adopted so that the same field maps would serve for current use in conservation planning and for publication as a part of the National Soil Survey.

Agricultural Conservation Program

As an integral part of the U. S. Department of Agriculture's effort in the field of soil and water conservation, the 1953 Agricultural Conservation Program provided Federal cost-sharing with farmers in carrying out essential conservation measures on farms in the United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. In the

main, these were conservation measures beyond those which individual farmers would and could carry out with their own resources.

During 1953 efforts were stepped up to coordinate the work of all U. S. Department of Agriculture agencies having to do with soil and water conservation. For instance, the Agricultural Conservation program was more closely integrated with the work of the Soil Conservation Service, Soil Conservation districts, and Forest Service. In developing Agricultural Conservation programs at the county, State, and national levels, assistance was received from the Soil Conservation Service, Forest Service, State and county PMA committees, on which Extension Service representatives are ex officio members. Recommendations of Soil Conservation districts, land-grant colleges, and others were also taken into account. The active participation of all these interested groups was sought and willingly given in the development of the 1954 program. The Soil Conservation Service and the Forest Service supplied technical guidance for the carrying out of most of the permanent-type conservation measures.

Where conservation problems were of a community nature affecting several farms, farmers were encouraged to pool their resources and the aid otherwise available to them through ACP to carry out a joint project for their mutual benefit.

During 1953 all county PMA officers submitted reports on approved conservation measures for which ACP cost-sharing was given under the 1952 program on the 2,285,000 farms which participated. These data are based on reports of performance used to determine the amount of ACP assistance earned and do not include measures carried out which received no ACP assistance. The following is a summary of major items:

A total of 6 million acres of pasture and range land were seeded or reseeded to adapted legumes and grasses to provide for a more effective soil cover to reduce runoff and prevent erosion.

About 58,000 livestock dams, wells, and springs and seeps were developed to attain a proper distribution of livestock and encourage rotation grazing and grassland management as a means of protecting established vegetative cover.

Permanent cover was established on 191,700 acres subject to severe erosion.

A total of 17,928,000 acres of cropland were devoted to green manure and cover to protect the soil from wind and water erosion and to reduce runoff through the improvement of soil permeability.

Some 7,200 storage-type erosion control dams were constructed to reduce runoff and heal existing gullies.

A total of 43,769 miles of standard and broad-base terraces and 4,783 miles of diversion and spreader terraces, ditches, or dikes, were constructed to control excess runoff, reduce erosion, and conserve moisture.

Trees and shrubs were planted on 100,512 acres to protect watersheds and control wind erosion.

In the irrigated areas 306,644 acres were leveled to prevent erosion and increase the efficiency of use of scarce irrigation water. To further conserve irrigation water, 469 miles of irrigation ditches from which there had been serious seepage losses were lined with impervious materials.

Approximately 1,871,000 acres of land were improved through the construction or enlargement of 14,250 miles of open drainage ditches and 19,225 miles of enclosed drains.

To aid in the establishment and adequate growth of a protective vegetative cover to control both wind and water erosion, 21,437,000 tons of lime, 3,038,000 tons of phosphate (20 percent P_2O_5 equivalent), and 520,000 tons of potash (50 percent K_2O equivalent) were applied.

As in previous years, local administration of this program was carried on by elected community and county PMA farmer committees.

Cost-sharing was available to all farmers but was approved only upon request and for those conservation measures deemed to be essential to the public welfare.

In 1953 a program for 1954 was developed which even more definitely than heretofore directs the program to the achievement of the soundest and most enduring solutions to our conservation problems that are practicable of attainment. Experience gained in the 1953 program was utilized in developing the 1954 program. For example, the farm-to-farm committeeman contacts which were made for the 1953 program resulted in a substantial increase in the number of farmers requesting assistance, and a much greater total of assistance requested than for recent programs. However, a much larger than normal fraction of the farmers who requested assistance did not carry out any practices.

Adverse weather conditions in the form of severe droughts in some areas and floods in others prevented many farmers from carrying out the conservation measures which they had planned. Another factor was the small amount of assistance which many farmers could be assured of, due to the large amount of assistance requested in excess of available funds. In many cases only small amounts of assistance were definitely approved for a farm with an approval of additional assistance conditioned on the availability of funds from under-

earnings on other farms. This uncertainty as to the amount of assistance which could be anticipated was in many cases a deterrent to the carrying out of the approved practices. Also in some cases the farmer's economic situation prevented the carrying out of conservation measures; and others changed their plans after the period for making requests was closed, and because the opportunity to enroll was limited generally to a period in advance of the program year, they were not eligible under the 1953 program for assistance for other practices.

These and other factors were taken into account in developing the 1954 program which, in the light of this experience, will observe the following basic principles:

(*a*) The national program contains broad authorities to help meet the varied conservation problems of the Nation. State and county committees and participating agencies shall design a program for each State and county. Such programs should include any additional limitations and restrictions necessary for the maximum conservation accomplishment in the area. The programs should be confined to the conservation practices on which Federal cost-sharing is most needed in order to achieve the maximum conservation benefit in the State or county.

(*b*) The State and county programs should be designed to encourage those conservation practices which provide the most enduring conservation benefits practicably attainable in 1954 on the lands where they are to be applied.

(*c*) Costs will be shared with a farmer or rancher only on satisfactorily performed conservation practices for which Federal cost-sharing was requested by the farmer or rancher before the conservation work was begun.

(*d*) Costs should be shared only on practices which it is believed farmers would not carry out to the extent needed without program assistance. Generally, practices that have become a part of regular farming operations on a particular farm or ranch should not be eligible for cost-sharing.

(*e*) The rates of cost-sharing in a county or State are to be the minimum required to result in substantially increased performance of needed practices within the limits prescribed in the national program.

(*f*) The purpose of the program is to help achieve additional conservation on the land. Such of the available funds that cannot be wisely utilized for this purpose will be returned to the Public Treasury.

(*g*) If the Federal Government shares the cost of the initial application of conservation practices which farmers and ranchers otherwise would not perform but which are essential to the national interest,

the farmers and ranchers should assume responsibility for the upkeep and maintenance of those practices.

Protecting Our Forest Resources

The Department of Agriculture forestry program is aimed at building up and maintaining the forest resources of the United States for maximum, permanent contribution to the national welfare and security. Forests are a renewable resource; they can be managed for a continuing yield of products and benefits. The Department's Forestry program, therefore, looks to promoting the kind of management for forest lands that will keep them continuously and permanently productive. It looks to wise use of the forests so that, while they are meeting the Nation's current needs, they may also be built up and maintained in condition to meet its future requirements.

In line with this broad objective, the Department seeks to promote and encourage local effort wherever possible for the protection and sound management of forest lands. To this end it is conducting several programs in cooperation with State forestry agencies, as authorized by Congress.

Organized protection against fires is provided for State and private forest lands through a Federal-State cooperative program conducted under provisions of the Clarke-McNary law of 1924. Forty-three States and the Territory of Hawaii participate in this activity. Cooperative protection was extended during the year to an additional 5,278,000 acres, bringing up the total area covered by such protection to 368,692,000 acres. Some 58 million acres of State and private forest and watershed land, however, remained without organized protection from fire. A major part of the total area burned over each year is in this unprotected area.

The Forest Pest Control Act of 1947 authorizes the Department of Agriculture to cooperate with the States and private owners for the control of destructive insects and diseases attacking the forests. Cooperative projects conducted last year included work to control an outbreak of southern pine bark beetles in Mississippi and epidemics of spruce budworms in Oregon and Engelmann spruce bark beetles in the northern Rocky Mountain region.

During the past year the Department continued to cooperate with State agencies in the production and distribution of trees to farmers and other landowners. Approximately 300 million trees were distributed last year under this cooperative program, also authorized by the Clarke-McNary law. Forty-three States, Hawaii, and Puerto Rico are cooperating in the work.

The Department also cooperated with State forestry agencies in providing technical assistance to woodland owners and to operators of small sawmills and other processors of primary forest products. This program, in which 39 States were participating, is authorized by the Cooperative Forest Management Act of 1950. During fiscal year 1953, approximately 260 project or service foresters assisted 32,474 woodland owners on problems of forest management and marketing of forest products. Products harvested through this technical assistance brought the forest owners a total of $12,589,543. These cooperative programs were carried out through the Department's Forest Service.

The Forest Service participates in developing the forestry practices included in the Agricultural Conservation Program, and administers the naval stores conservation phase of that program authorized by the Soil Conservation and Domestic Allotment Act to encourage gum turpentine farmers to adopt good forestry practices. The Forest Service also supplies subject matter information for the farm forestry extension work conducted by the land-grant colleges and State extension services in cooperation with the Federal Extension Service. As the forestry subject matter agency of the Department, the Forest Service collaborated with the Soil Conservation Service in developing standards and specifications for forestry practices included in the soil conservation measures recommended to farmers by the Soil Conservation Service.

The Forest Service participation in the Department's flood prevention activities under authorization of the Flood Control Act of 1936 includes making preliminary flood-prevention examinations and surveys, installation of works of improvement, and collaboration in the preparation of interagency river basin reports relating to land and water resources. The Forest Service's responsibilities have to do with national forest, range areas adjacent to national forests, and all other forest and woodlands within a watershed or basin.

The Department of Agriculture has direct responsibility for the administration of 181 million acres of federally owned land in 153 national forests. These national forests are for the most part key watershed lands in the upper drainage and headwater areas of major streams. Their watershed values are especially important in the Western States where the national forests are the source of a major part of the total water supply for irrigation, agriculture, industrial, municipal, and domestic use. East of the Great Plains, national forests are fewer in number and therefore do not bulk so large in the total water-supply picture, but they do cover some important watershed areas in the Ozarks, the Appalachians and elsewhere.

Safeguarding these vital water-source areas is a main purpose in the management of national-forest lands.

Along with the protection and development of the watershed values, national-forest management provides for the production of timber, utilization of the native forage for livestock grazing, development of mineral resources, maintenance of wildlife resources, and provision for outdoor recreation for millions of people. These various uses are coordinated in the multiple-use management program that looks to the highest total of public benefits.

In the past year, the harvest of timber from the national forests yielded a total of 5.16 billion board-feet, the largest volume of timber produced in any year to date. The timber is cut under management plans that look to a sustained yield. With the completion of needed access roads into timber areas now inaccessible, the yearly cut under sustained yield can be further increased.

Seasonal grazing is provided on national-forest range areas for approximately 1 million head of cattle and 3 million sheep under 23,500 permits to livestock owners. During the year the Department adopted a new policy designed to give greater assurance to grazing permittees that they will receive the benefit from range improvements on national forests which the permittees themselves finance. Proposed changes in the policies regarding "distribution" and "transfer" adjustments in grazing privileges were under review.

The national forests in 1952 received 33 million visits by campers, picnickers, fishermen, hunters, winter sports enthusiasts, and others seeking outdoor recreation. This was 83 percent greater than in 1941, the year of the highest prewar use. The number of visitors in 1953 was expected to exceed the 1952 figure. The pressure of increasing use is making it more and more difficult to maintain the present recreation areas and facilities of the national forests in safe and sanitary condition.

Of the total number of recreational visits to the national forests, nearly 9 million were for hunting and fishing. Production of wildlife in these forests is being advanced through multiple-use management. State game laws apply on the national forests and the States thus handle the protection and utilization of the wildlife resource. Management of the wildlife habitat is the responsibility of the Department of Agriculture. During the year a number of existing cooperative agreements between State agencies and the Department's Forest Service were strengthened, and several new agreements for cooperative habitat improvement projects were entered into.

The Department recognizes that many small tracts of national forest land have special value for private and commercial purposes

and that they can be so used without interfering with the management objectives of the national forests. Special use permits authorize such uses and include such things as telephone line rights-of-way, resorts, pastures, summer homes, powerlines, landing fields, minerals, and many others. Some 50,000 uses covered over 2 million acres and yielded a revenue of almost $1 million.

In line with the policy of multiple-use management, the Department wishes to encourage the discovery and utilization of mineral resources in the national forests. Minerals on national forest land must be disposed of in accordance with laws. Certain minerals may be disposed of by lease and the United States retains the surface of the land. Other minerals are subject to the United States Mining laws under which mining claims may be located which give the locator a possessory interest in the surface of the land as well as the minerals. The filing of large numbers of claims by persons who apparently have no intention of mining, however, is creating serious problems. Of some 84,000 unpatented claims in 1952, only an estimated 2 percent were being commercially mined. Many mining claims are filed on lands where timber, recreation, and watershed values far outweigh the mineral values involved. Congress last year was considering proposals aimed at affording greater protection to these other values while continuing to encourage legitimate development of mineral resources.

During the year the Forest Service suppressed 12,000 forest fires in the national forests, holding total area burned to 219,000 acres. Action was under way to minimize losses of national-forest timber from insect epidemics in the Pacific Northwest and Northern Rocky Mountain regions. Improvement and development work during the year included tree planting on some 50,000 acres of forest land, reseeding of some 56,000 acres of range land, construction or reconstruction of 727 miles of roads, and maintenance of some 200,000 miles of existing national-forest roads and trails.

Cash receipts from timber sales, grazing fees, and other national-forest operations in fiscal 1953 amounted to $76,463,746, an increase of some $5 million over the preceding year, and the highest record to date. The receipts exceeded by nearly $12 million all appropriations for protection, management and development of the national forests, including both current operating expenditures and outlays for capital improvements. In addition to the cash receipts, there was an estimated increase during the year of more than $70 million in the value of capital assets. The estimate is based on increases in timber values and on annual timber growth.

Local advisory councils are aiding many of the individual national forests and some of the Forest Service regional offices on the solution of local problems in forest administration and development. The Department made plans during the past year for the appointment of a national group of conservation advisors on national forests. It was proposed that these advisors be representative of national-forest user groups and of various segments of the public interest although not directly representing particular agencies or groups. It was expected that such advisors would be appointed on a tentative basis, to meet in the fall or winter of 1953.

A National Advisory Committee on Forest Research already has been set up to aid and guide the Department in developing a realistic and forward-looking research program for forestry. Local and regional advisory committees also serve the regional forest and range experiment stations and local research centers. These committees not only help to assure a desirable balance and coordination in the research program but are stimulating more and more cooperative participation by State and local agencies and private organizations and companies in forest research projects.

The forest research program includes investigations in the growth, protection, and harvesting of timber, management of range lands, influences of forests and management of watersheds, efficient and economical utilization of forest products, and research in forest economics and taxation. During the year significant results were obtained in a number of studies in these fields. The Forest Survey of the United States, an inventory and study of the Nation's present and potential forest resources, made steady progress.

River Basin Programs

As pointed out in previous reports a major goal of the Department of Agriculture is to develop comprehensive, multiple-purpose, and coordinated agricultural plans for the Nation's great river basins or other appropriate regions. These plans are designed to unify and make more effective all of the Department's programs having to do with the conservation, development, and utilization of land and water resources in these regions. They provide for the conservation and improvement of the soil resources, the protection and improvement of forests, the reduction of flood and sediment damages, the more efficient use of land through irrigation and drainage, the protection of the water resource, the enhancement of recreation, fish and wildlife resources, and, of course, the efficient production of foods and fibers in amounts adequate to meet the Nation's growing needs. It is also

the desire and the intent of the Department to coordinate these plans with those of other agencies—Federal, State, and local.

Considerable progress was made last year toward attaining this goal, though the trend seems to be toward attacking the problems on a small watershed basis rather than on major river basins. There was a great growth of interest in watershed problems in many localities, especially in upstream watershed treatment for flood prevention and sediment control. Numerous small watershed associations were organized in widely scattered parts of the country. Many other associations, previously organized, renewed their requests to the Department for assistance on various problems. These watershed associations were usually organized by groups of farmers, ranchers, businessmen, or other interested citizens. Most of them had as their primary objectives flood prevention or sediment control, but other problems were frequently involved.

In addition to watershed associations, many other groups or organizations requested aid from the Department on watershed or group problems. Some of these requests were also concerned with flood prevention, but other problems were usually paramount. City and town water supplies, drainage and irrigation problems, industrial water supplies, highway and roadside erosion and flood problems, and wildlife conservation were most commonly mentioned.

Altogether, about 4,500 requests for aid on watershed or group problems were received last year by the Soil Conservation Service alone. Technical assistance or other aid was given on all these requests where feasible. Nearly all of this watershed or group work done by SCS was carried out in cooperation with local soil conservation districts, through which most of the requests had been routed. In the main, such watershed treatment and group enterprises were closely associated with the basic soil and water conservation program that the SCS carries out in cooperation with soil conservation districts.

During the year the Department continued to participate in the interagency investigations of the Arkansas-White-Red River Basins and the New York-New England area to formulate comprehensive plans for resource development, use, and conservation in these major areas. Similar investigations were also continued on the Columbia River Basin by the Department. A like investigation was started and discontinued on the Cumberland River Basin. Flood prevention surveys were continued by the Soil Conservation Service on many watersheds.

On April 1, 1953, the Soil Conservation was assigned general responsibility for administration of the work of the Department au-

thorized under the Flood Control Act of 1936, as amended and supplemented.

Congress has authorized and directed the Department to make about 1,070 watershed investigations under the various flood control acts. In some instances two or more authorizations are concerned with the same watershed or parts of it, so the actual number of survey reports to be prepared and the number of watersheds involved is less than this figure. Preliminary work in examinations or surveys has been started on approximately 76 percent of the area of the United States. Reports submitted to the Congress prior to this year covered about 26 percent of the area of the United States.

Prior to this year, preliminary examinations had been completed on 151 watersheds which indicated sufficient benefits from flood and sediment reduction to warrant making detailed surveys under the flood control acts.

During the year two more were completed (San Antonio River, Texas and the Perdido, Blackwater, and Yellow Rivers in Alabama and Florida) which recommended the making of a detailed survey.

Before 1953, survey reports on 28 watersheds or groups of watersheds were forwarded to Congress. Twenty-one of these reports recommended programs of improvement and seven did not.

During the year, three additional reports recommending works of improvement were forwarded to Congress, as follows: Missouri River Basin Supplemental Report (Blue River, Kans., Nebr.; Osage River, Kans., Mo.; Salt-Wahoo Creeks, Nebr.; Upper South Platte River, Colo., Wyo.) ; Savannah River, N. C., S. C., Ga.; Youghiogheny River, Pa., W. Va., Md.

In the Flood Control Act of 1944 the Congress authorized works of improvement in the interest of flood damage prevention for 11 watersheds in the United States. The area authorized was 30,102,774 acres. On these watersheds detailed subwatershed work plans are used for scheduling quantities and types of measures to be applied or installed, determining the relationship between benefits and costs and the share of costs to be borne respectively by Federal and local interests. During the year 22 subwatershed work plans were completed covering about 836,000 acres. To date approximately 559 work plans have been completed covering about 12 million acres.

Works of improvement on the 11 authorized watersheds continued at a satisfactory rate. During the year, floodwater retarding and sediment control structures were completed under SCS supervision, as follows: 19 detention reservoirs, 482 debris basins, and 73 concrete or masonry structures. Also, 53 miles of diversions, 127 miles of channel stabilization, 29 miles of channel excavation, and 10,000 acres

of gully control work were completed. Land treatment work in these areas kept pace with the structural work.

The Department continued to cooperate in the review of the recommendations of the Water Resources Policy Commission under leadership of the Bureau of the Budget.

RESEARCH

The basic long-range needs of American agriculture are to reduce costs, to improve quality, and to expand markets. The sound approach to everyone of these needs is through research and education.

We must think of the entire job, from the test tube right on through to the complicated business of running a farm and distributing farm products. It is the American way for farmers and marketing people to make their own decisions, but they need and expect the best available information if they are to make the right decisions.

The Cooperative USDA-Land-Grant College system of research and education is the traditional and logical means of doing this job. But if this system is to meet the growing demands of modern agriculture, the system itself must grow. It must recognize the needs and develop plans and programs that adequately meet these needs.

Basic research has been the foundation of all of the really big advances in agriculture. If the Nation is to look forward to continuing progress, it is necessary to provide more adequately for research in those fundamental sciences upon which all of agriculture rests. This is the source of new principles for the further improvement of our soils, plants, and livestock.

It is largely due to research and education that the productivity of the American farmer today is 2⅓ times per man-hour what it was in 1910. Four decades ago 1 person engaged in agriculture produced enough food and fiber for himself and 6 other persons. Now he produces for himself and 17 others.

Research and technology are adding to agriculture the equivalent in productivity of several million acres annually. New agricultural industries have sprung up—the broiler industry and the soybean industry, for example. During the past two decades broiler production has increased from less than a pound of broiler meat per person to 15 pounds today. Twenty-five years ago soybean production was less than 8 million bushels; in recent years it has fluctuated between 250 million and 300 million bushels.

A decade ago it took 12 pounds of feed to bring a 3-pound broiler to market; now it takes 9 pounds. Poultry scientists have data indicating that broilers may be produced with only 6 pounds of feed.

Less than 20 years ago laying hens averaged 1 egg every 3 days; now they lay an egg every 2 days.

In the past 15 years potato yields have been doubled, corn yields have increased 50 percent, tobacco about 40 percent, milk production per cow about 20 percent.

Farmers are saving at least 3 million pigs a year that formerly were lost because of cholera. Today they send steers to market at 15 months, instead of 18 months.

Our people are making better use of nonfat milk solids. A generation ago only about 50 percent of nonfat milk solids were used for human food; now the proportion is up to 70 percent, providing extra protein for millions of our people.

Farmers have turned rapidly to the use of new and improved methods of operation. Weed-killers and other chemicals are now applied to upwards of 30 million acres, a development of just the past few years.

In the South, cotton strippers have spread from the High Plains into the Blacklands, and today at least one-third of the cotton acreage is mechanically harvested.

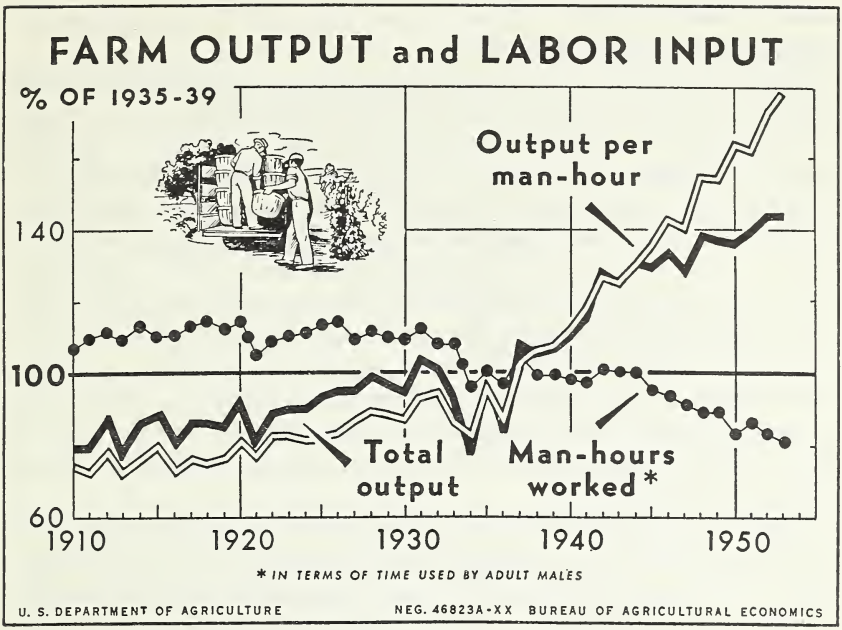
Research has saved agriculture billions of dollars through discovery of new varieties and through disease and insect control, and has thereby helped provide more abundant food at lower costs for consumers.

Phenothiazine, the most widely used remedy for internal parasites of livestock, saves farmers 10 million to 15 million dollars per year. Disease-resistant high-yielding varieties of cereal crops bring in an extra half billion dollars of farm income annually. Sugarbeet and sugarcane growers would be out of production completely except for research which produced varieties resistant to curly top and mosaic disease. Hybrid corn, of course, brings farmers an added return of three-fourths of a billion dollars per year.

Despite this spectacular progress, agriculture faces tremendous problems which present a huge challenge to agricultural research and education for the future. Farmers still lose 1 farm animal out of 10 through disease and parasites. Insects still take a toll of $4 billion worth of crops and livestock every year.

Plant diseases are threatening some of the most important crops in the field, and grain storage damages run between a half billion and a billion dollars annually.

Up to 30 percent of some of fresh fruits and vegetables are spoiled in their journey between the farm and the consumer. A tremendous proportion of eggs—perhaps almost half—drop below "A" quality between the farm and the assembly point. In addition to the 30,000



Output per man-hour of labor on farms, now the greatest in history, is a key part of the technological revolution in agriculture. It is now more than 2-1/3 times that of 40 years ago, but most of the gain has taken place during the last 15 years. During that period, farm mechanization progressed rapidly, and widespread adoption of improved farming practices sharply increased yield of crops and livestock. Because of these changes farmers have been able to increase total farm output with fewer man-hours of labor.

Total farm output, man-hours of farm work, and output per man-hour, United States, 1910-53
Index numbers (1935-39 = 100)

Year	Farm output	Man-hours of farm work 1/	Output per man-hour	Year	Farm output	Man-hours of farm work 1/	Output per man-hour
1910	79	107	74	1933	93	108	86
1911	79	110	72	1934	79	96	82
1912	87	111	78	1935	96	100	96
1913	78	109	72	1936	85	97	88
1914	86	113	76	1937	108	105	103
1915	88	110	80	1938	105	99	106
1916	80	110	73	1939	106	99	107
1917	86	113	76				
1918	86	114	75	1940	110	98	112
1919	85	112	76	1941	114	97	118
				1942	128	101	127
1920	92	114	81	1943	125	100	125
1921	81	105	77	1944	130	100	130
1922	89	109	82	1945	129	95	136
1923	90	110	82	1946	133	93	143
1924	90	111	81	1947	128	91	141
1925	93	113	82	1948	136	89	155
1926	95	114	83	1949	137	89	154
1927	95	109	87				
1928	99	111	89	1950	136	83	164
1929	97	110	88	1951	139	86	162
				1952	144	83	173
1930	95	109	87	1953 2/	144	81	178
1931	104	112	93				
1932	101	108	94				

1/ In terms of the time required by average adult male workers. 2/ Preliminary.

Data shown here not published regularly elsewhere.

known plant diseases and more than 650 major insect pests, new threats are constantly appearing.

Three or four years ago the presence of air sac infection was noted for the first time in poultry flocks of the United States. This disease has spread, and mortality in some flocks along the eastern seaboard has run as high as 30 and even 50 percent. Research scientists and breeders are working hard to develop wheat varieties resistant to race 15B, a new race of organisms capable of causing stem rust in wheat. This first appeared as a major threat in 1950. Early this year a virus disease, blue tongue in sheep, was diagnosed for the first time among flocks in California and Texas. In cooperation with the States, the Department has been waging a well organized eradication campaign against the swine disease, vesicular exanthema, which broke out of California in 1952 and spread widely through the country. In May 1953 foot-and-mouth disease appeared again in Mexico after an absence of almost 2 years.

There are indications also that agriculture is pushing against the ceilings of productivity established by research in several important crops. This is especially true of egg production per hen and corn yields per acre. In pork production, milk production per cow, cotton and wheat production per acre, the gains with experimental crops, flocks, and herds have also leveled off in recent years. Of course farm production lags behind trends established in experimental crops and livestock; but unless new discoveries are made, farm production, too, can be expected to level off within a few years.

Insects, diseases, and soil deterioration are all pushing hard in the direction of diminishing yields. Much research is needed just to hold the gains already made.

But agriculture must do much more than hold its own to meet future food and fiber needs. It is not a question of people going hungry. If need be, new high-cost-of-production land could be brought into use; or the people could change from a diet depending heavily on livestock products to more direct consumption of such plant products as cereals, potatoes, etc. Through these measures our agriculture could provide adequate diets for a population several times as large as at present.

If, however, the American people wish to continue the trend toward more meat, milk, and eggs in the diet, new research findings need to be developed and applied to keep pace with the growing demands on acres, herds, and flocks. Many research results, of course, are not yet fully, or even reasonably well, applied on farms. Here is where education comes into the picture—education to take the results of research to the farm family faster and more effectively.

A wide variety of new research is needed. We need more fundamental research—basic research—for it is out of this developing field of basic knowledge that the big discoveries of the past have been made. It would be a grave error to focus attention too completely on applied research. We need both basic and applied research.

Agriculture must have production research to develop better crop varieties, better breeds of livestock, better methods of using the land. It needs research on eliminating or reducing losses caused by insects and diseases on the farm and in storage.

Development of an adequate research and education program for agriculture, however, must go beyond promoting efficient production. It must be concerned also with balanced production; this involves an improved and enlarged program for providing current economic outlook and market information. It must provide realistic, forward-looking information to help farmers gear their individual production plans to the realities of the market.

Research must also be concerned with finding ways to improve marketing of agricultural products. Millions of tons of agricultural products are left on the farm and in marketing channels as waste. We must find more satisfactory uses for more of this material.

More must be learned about reducing waste in household use. Wasting the fat on a cut of meat is actually wasting the grain and the labor that produced it. It has often been said that Americans throw away the richest garbage in the world.

We need to expand research on the development of new products from agricultural raw materials, new uses for existing products, and new processes that will expand present markets. The search for new uses often requires that science find out more about the original characteristics of farm products. Such research led to the use of surplus animal fats as plasticizers, opening up a new market for an unwanted product. A new process for using cheese whey in making ice cream is another example. Many more such advances may be expected as we step up our research in this field.

More research is needed to determine human and household needs and preferences for agricultural products. The nearer agriculture can come to satisfying consumer needs and wants, the greater will be the opportunities to expand markets. Industry is constantly improving the quality of its products. Agriculture must do likewise.

More must be learned about preserving original quality of perishable food crops in the marketing channels so that they will arrive in the consumer's kitchen with their full measure of appetite appeal. The final measure of quality of a product is the extent to which it

meets the needs of the user. We need more research in measuring quality.

As a counterpart to the extension program for carrying production research to farmers, we need a greatly expanded technical liaison service between research and industry. Specialists in processing, manufacturing, and distribution would provide a two-way channel of needs and ideas based on marketing and utilization research and on the problems encountered in factories and markets.

No program for the betterment of American agriculture should limit itself to dealing with those who now manage the farms and homes. It should look forward to the next generation, including those just entering farm careers. Therefore, this expansion of research and education calls for an increased emphasis on helping the farm boy and girl to acquire an early understanding of scientific methods and develop other qualities that will enable them to make their maximum contribution to the Nation's welfare.

EXTENSION SERVICE

The problems of modern farming, more and more, are demanding solutions that are both increasingly complicated and specific to individual farms.

In this setting, the extension program is of strategic importance. An adequate extension program must bring the full resources of the entire system to bear on the problems of farming where they originate—on each individual farm. Mass education approaches alone cannot do this adequately.

The spearhead of an enlarged extension program should be an expanding farm advisory service in each county that will work directly with farm people, helping them to take research findings and fit the new knowledge together so that it will work profitably on a particular farm.

Through direct contacts, this advisory staff would become the channel for bringing to farm people technical and economic information needed to develop sound long-range plans for their farms. It would likewise provide the continuing guidance the individual farmer needs (1) to profitably adopt new production methods as they become available, and (2) to make such changes in his production program as may be desirable to meet changing market conditions.

Work of the Cooperative Extension Service, as the educational arm of the Department, was intensified during the year. County agricultural home demonstration, and 4–H Club agents, cooperatively employed by the Department, State land-grant colleges, and county

governments, continued to shift major emphasis to a number of most pressing problems. Problems brought on by necessary agricultural adjustments, drought, and the need for better marketing and understanding of issues beyond the farm had to be met on each individual farm.

Extension agents during the year reached 85 percent of all farm families and several million nonfarm families with improved farm and home practices. There is an average of about 3 extension agents per county. The agricultural agents have an average workload of 1,100 farmers and 1,700 rural nonfarm families plus the many urban people who call on them for help. Home demonstration agents carry a similar workload. Each new problem made it more difficult for the agent to work individually with such large numbers. Though the agents averaged about 2 farm visits per day, they had to use all other possible teaching methods. They worked more with groups in meetings, spent more time training and working through voluntary local leaders and made greater use of press, radio, television, and visual aids to reach more people faster.

When severe drought hit pastures and feed production in much of our best cattle producing area, extension agents concentrated on explaining emergency programs and giving farmers technical advice on necessary adjustments. They quickly formed a network for exchanging information among farmers and feeders on availability of pasture, hay, cattle, and markets.

During the year farmers, under price support laws, had to vote on whether or not they wanted wheat, cotton and other crop controls. In each case, a major job of extension agents was to help them obtain and understand the facts and the choices they had. How local farmers could best use land taken out of surplus crops and the outlook for other crops and livestock was a basic part of the discussion at most extension meetings.

A major job of extension agents during the year was helping farmers fit together on each farm the many facts and scientific results involved in the adjustment that must be made. Through applying research, mechanizing, and hard work, farmers in recent years met the war and national security demands for increased production. They greatly increased yield per acre and output per man-hour. With more machinery, fertilizer, insecticides and higher costs, they also had to increase the investment or cash risk in farming. The cash investment in farming per worker is now four times that of 1940.

Mounting surplus and declining farm prices in the face of these high investments and continued increasing costs of things farmers buy add up to a jigsaw puzzle that must be fitted together on each farm.

Extension agents, therefore, are putting more emphasis on the business side of farming. The best of scientific research results for each crop and each operation is still necessary, but the big job is fitting all these together in one management pattern for the entire farm as a unit in line with market demands, the soil and the family needs. Progress is being made in what Kansas, Missouri, and many other States call balanced farming, what many Southern States call farm unit demonstration, and what others call individual farm and home planning or farm management.

These types of extension demonstrations have had to be limited because they demand more time and individual work. Extension agents are spreading their results through working with local advisory groups, volunteer local leaders, organized 4–H and home demonstration clubs and through mass education ways of making the results known.

Membership in home demonstration clubs climbed to nearly 1.5 million during the year. There were more than 2 million boys and girls in 4–H Clubs and the 4–H Club program is reaching 65 percent of the 10 million rural youth for an average of 2½ years' membership. The goal of reaching a much larger percentage and keeping club members for an average of 4 years would require doubling 4–H membership.

With about half the consumer's food dollar going into marketing services, much of the agricultural problem is one of increasing marketing efficiency. Extension work with marketing begins on the farm as a part of the management of the farm in line with market demands. Increasing demonstration and educational work is being done with retailers and other handlers in packaging, labor saving, and displays that will preserve quality and sell more products; also with consumers.

Extension agents during the last year carried on specific marketing improvement work in 16,000 communities. They worked with 5,000 cooperatives with a half million members. Under the research and marketing act, they continued to develop new projects in marketing, and now have new special projects in 43 States, Puerto Rico, and Hawaii. These have to do with marketing information, packaging and other marketing methods, merchandizing and consumer education.

RURAL ELECTRIFICATION AND TELEPHONE SERVICE

The REA program during 1953 continued to make steady gains in the field of rural electrification, while greatly accelerating its loan program for rural telephones.

Under a new Administrator, major changes were made in the REA staff organization to reduce costs, improve efficiency, speed up progress and encourage greater independence on the part of borrowers. The electric and telephone programs were separated, with each program placed under the direction of a different Assistant Administrator. Utilizing talents available in the existing REA staff, all the key posts in the new organization were assigned to career employees with many years of experience in the technical and engineering fields. Personnel were transferred from the electric to the telephone staff to handle the increasing activities in telephone loans.

This reorganization made it possible to delegate authority to those who work directly with borrowers, to give better and faster answers to their problems and inquiries. It also made possible the transfer to borrowers of additional functions and activities formerly handled by REA. This was done not only in the interest of economy but also to encourage borrowers to become more self-reliant.

Specific changes made during the last half of the fiscal year to take the Government out of borrowers' business operations and in the long run to strengthen their position included the following:

1. Every borrower, both electric and telephone, was given responsibility for providing REA with an annual CPA audit. This eliminates routine audits by REA, whose personnel will audit borrowers' records only in special situations.

2. Borrowers were made responsible for having inspection of work order construction handled by private engineers. This relieved REA field engineers of this time-consuming workload.

3. REA asked borrowers to perform specialized and detailed work formerly done by REA in connection with some electric loan applications.

4. Borrowers were asked to obtain assistance on certain phases of power use work from other private and public agencies having home economics staffs, rather than from REA.

REA will continue to provide services to borrowers which are essential from the standpoint of loan security. This means that, where a system is experiencing difficulties tending to place it in an unsatisfactory financial status, REA will ask that a plan of operation be drawn up and adopted by the borrower. It will have to be a plan the system's management believes it can accomplish and, of course, one that will serve to correct the system's unsatisfactory condition. In addition, REA has developed a new procedure that will give the Administrator an overall picture of the long-range security of its loans. This procedure will supply basic data from which the staff and borrowers may develop corrective action in individual cases.

At the same time, the Administration wants to encourage local initiative, and to avoid interference with the private business of REA borrowers.

While moving toward economy in operation, the Administration has taken definite steps to speed up the extension of both electric and telephone service to farmers. This is indicated by the progress made in the loans programs.

In electrification, during the year the percentage of farms electrified passed the 90 percent mark. By June 30, 1953, the estimated percentage of farms served by all suppliers was 90.8 percent, as compared with 88.1 percent the previous year. The new Administrator is pushing an aggressive program, by both REA borrowers and other power suppliers, to complete the farm electrification job and meet the growing electric power needs of rural people.

By June 30, 1953, the 1,020 REA borrowers with systems energized had 1,271,000 miles of line in operation, serving 3,952,000 rural consumers. The four-millionth consumer was connected late in the summer.

Farmers have become increasingly dependent on adequate electric power for their farming operations. To help assure adequate power supply, 13 percent of the total amount loaned for electrification during the year was made for generation and transmission purposes. The Administration's policy on loans of this type is to give the farmer bargaining power to obtain reasonably priced electricity, without saddling him with the higher costs for power that are usually associated with plants not having a sufficiently diversified load.

In the telephone program, more than $35,880,000 in loans was approved during the fiscal year. This brought the cumulative total since the beginning of the telephone program to $118 million to 219 borrowers. Of these, 112 were rural telephone cooperatives and 107 commercial companies. The loans are to finance construction and rehabilitation of systems to bring new and improved service to more than 300,000 subscribers. The nationwide percentage of farms with telephones has climbed above 40 percent, although many of those still have old-fashioned, hand-crank service.

The Administration recognizes that a good working relationship with the industry is essential to the success of the telephone program, particularly with regard to agreements on such items as area service and tolls. It aims, therefore, to cultivate an atmosphere of cooperation on the part of REA, its borrowers, and the telephone and electric industries for the benefit of all.

FARM CREDIT ADMINISTRATION [2]

Again this year, farmers and their cooperatives found the cooperative credit system supervised by the Farm Credit Administration, a dependable source of credit to meet their sound needs. Farmers and their cooperatives obtained $2.3 billion of credit from the system—only slightly less than in the peak year 1951–52.

Although farmers and their cooperatives borrowed 6 percent less from the 499 production credit associations and 13 banks for cooperatives respectively, farmers obtained a larger amount of long-term mortgage loans through national farm loan associations and land banks than in any year in their 36 years of operation except for the fiscal years 1933–34 and 1934–35. Total loans outstanding to farmers and their cooperatives from the cooperative credit system showed a slight increase at June 30 over the preceding year.

Farmers and their cooperatives ended the year with the largest investment in their cooperative credit system in its history. They owned capital stock totaling $180 million on June 30, 1953, compared with $171 million a year ago, an increase of $9 million in the year.

During the year, 45,200 farmers obtained long-term mortgage loans totaling $272 million through their national farm loan associations and land banks. This was 9 percent more farmers than those who obtained loans the previous year. The amount they borrowed was up $35 million or 15 percent.

On June 30, 315,750 farmers were using land bank loans totaling $1,136 million. This was an increase of 1.6 percent in number and 8.5 percent in amount compared with the previous year. It was the largest amount outstanding since 1944.

Farmers continued to make large repayments on their loans. In all, farmer-borrowers repaid the 12 land banks $158 million. Of this amount, $88 million was matured principal and interest and $70 million was payments on principal ahead of time. The amount of principal paid in advance was about 7 percent more than in the previous year.

Most farmers were keeping up to date in meeting their loan payments with 96.2 percent of all borrowers from the land banks fully current on their loan payments on June 30.

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[2] On December 4, 1953, under Public Law 202, the Farm Credit Administration was established as an independent agency. The Secretary of Agriculture names 1 of the 13 board members.

Farmers received $4.1 million in dividends on their stock in the national farm loan associations in the year. The associations passed these savings on to farmers from the $10.1 million of dividends they received on association-owned stock in the land banks. The association used the remainder of these dividends together with other income to pay expenses and to increase their reserves.

In the year, 270,300 farmers borrowed $1,290 million from the 499 production credit associations to carry on their farm operations. This was about 3.8 percent fewer farmers and 6.3 percent less money borrowed than in the previous year. The average size of loan was down slightly, from $4,898 in 1952 to $4,772 in 1953.

Farmers were using 248,600 production credit association loans for a total of $768 million on June 30. This was slightly less, in both number and amount, than a year earlier.

About 3,700 more farmers were members of PCA's on June 30, 1953 than on the same date a year ago. The membership totaled 479,300 on June 30. Members owned more capital stock in PCA's. It amounted to $92 million on June 30 compared with $88 million a year earlier, an increase of 5 percent.

Reserves of PCA's accumulated from net earnings increased to $86.2 million in the year—up $7.6 million from a year earlier.

On June 30, farmers completely owned 40 more PCA's than a year earlier, bringing the number so owned to 283 or 57 percent of the 499 associations.

Capital stock owned by the Government in PCA's through the 12 production credit corporations which supervise them, decreased $3.2 million during the year to $5.5 million compared with a peak of $90 million in 1934.

Farmer-members of 78 production credit associations received dividends amounting to $495,000 on the capital they had invested in the associations compared with $427,000 paid by 68 associations the previous year. Members of 20 of these dividends paying associations also received patronage refunds of $244,600. This compares with $159,400 which farmers received in patronage refunds from 16 associations the previous year.

Farmers' marketing, purchasing and business service cooperatives borrowed $506 million from the 13 banks for cooperatives. This was about 5.8 percent less than in the previous year. Biggest decline, 12.3 percent, was in commodity loans with operating capital loans declining

4.6 percent. Facility loans for buildings and equipment, on the other hand, increased 8.6 percent.

More farmer cooperatives were using the services of the banks on June 30, 1953 than a year earlier. The number increased 1.5 percent going from 1,995 a year earlier to 2,024 on June 30, 1953. The amount of loans cooperatives had outstanding from the banks, however, was down 6.8 percent to $319 million.

On June 30, 1953, farmers' cooperatives owned $18 million in capital stock in the 13 banks.

The slight decline in credit needs for short-term operating loans of farmers' and of farmers' cooperatives was reflected in the credit extended by the 12 Federal intermediate credit banks. Total loans and discounts to production credit associations, banks for cooperatives, farmers' cooperatives, and other financing institutions amounted to $1.9 billion—a decline of 8.2 percent in the year.

Out of their earnings for the year, the intermediate credit banks paid the U. S. Treasury a franchise tax of $386,707 which brought the total of such payments since their organization in 1923 to $9 million.

In the year, the Federal Farm Mortgage Corporation paid dividends of $9 million to the U. S. Treasury increasing the total amount paid to $122 million. Land Bank Commissioner loans outstanding decreased 19 percent in number and 26 percent in amount during the year. The remaining 30,500 loans on June 30, 1953, amounted to $20.3 million.

During the year, the Cooperative Research and Service Division carried on 110 research and service projects. Of these, 38 were research projects conducted with Agricultural Marketing Act funds. These studies were designed to develop facts and information needed by farmers to help them make the most efficient and successful use of their cooperatives in marketing their products, purchasing their farm supplies, and using business services.

FARMERS HOME ADMINISTRATION

About 220,000 farm families used the credit services available through local offices of the Farmers Home Administration in 1953 to

adjust and improve their farming operations; to develop their land; to buy or enlarge farms; to build or repair houses and farm buildings; to develop water supplies; or to keep their land in production after drought, flood, or other natural disaster.

Loans were made during the year to 107,876 of the families. The others were using credit received in previous years. There were 64,367 loans in 1953 for farm operating purposes; 2,287 direct loans and 1,097 insured loans for farm purchase, enlargement, or development; 3,477 farm housing loans; 35,348 emergency loans in disaster areas; and 1,300 individual loans and 42 association loans for water facilities in the West.

A little more than $218 million was advanced in the 106,821 direct loans. In addition, nearly $10.7 million was invested by private lenders in the 1,097 farm ownership loans insured by the Farmers Home Administration.

Assistance was given only to families whose needs could not be met by the local banks or other credit sources in their communities. About half the farmers served were war veterans and other young farmers who needed credit and advisory assistance to become soundly established on adequate farms. Veterans, including those who served during the action in Korea, continued to receive preference in all the regular loan programs.

Payments were completed by 35,500 families. Also, about 3,500 paid up their accounts by refinancing the balances with banks and other local lenders. The total amount repaid in 1953 was $163.9 million, including interest.

Analyses of borrowers' records indicated progress in developing land and labor resources for efficient farming. For example, the 25,460 families who retired their operating loans in fiscal 1952 and continued farming increased the average value of their annual production from $2,646 to $4,521 per farm, or 70.9 percent, during the time they had the loans. When allowance is made for the prices received for farm products during the time they were assisted—an average of 3.6 years—the real increase in production was 55.6 percent. Average net worth rose from $3,560 to $6,655.

FEDERAL CROP INSURANCE

Widespread crop disasters in several areas in 1953 emphasized again that all-risk crop insurance can provide a practical businesslike way for farmers to join together for their mutual protection against the full impact of crop destruction from production risks beyond their control.

Full value could not be realized from Federal Crop Insurance in the areas where crops and pastures were devastated by drought since this insurance protection is not yet available in all counties or on all crops; and where it was available varying percentages of farmers had contracted to pay the premiums required for this insurance protection.

Due to drought destruction in some winter wheat and tobacco areas and heavy damage by rust in the spring wheat area, the Federal Crop Insurance Corporation will pay out all of its $27 million of premium income in 1953 to insured farmers whose crops were destroyed or severely damaged through no fault of their own.

This raises to about $70 million the crop insurance indemnities paid by the Corporation to farmers from premiums paid by farmers during the last 3 years.

Since 1948 the crop insurance operations have been self-sustaining only to the extent that the indemnities paid have been covered by premium income. During the period from 1948 through 1952, 41 percent of the losses paid by the Corporation were due to drought, 15 percent to excessive moisture, 13 percent to hail, 10 percent to insects, 6 percent to winterkill, 5 percent to windstorm and blowout, 3 percent to frost and freeze, 2 percent to disease, and 5 percent to other causes.

In addition to its basic insurance value which returns to the insured invested capital which otherwise would be lost, crop insurance bolsters the financial structure of the entire community and county when widespread crop disaster strikes. Its value extends far beyond the farmer through those who benefit from his business.

The importance of crop insurance policies in strengthening farmers' credit and protecting those who loan them operating capital has been steadily increasing. When crop disaster weakens their financial position many farmers are unable to borrow the operating capital needed to continue their farming operations without a collateral assignment on their crop insurance policy which enables them to guarantee part or all of the loan even though their crops may be destroyed.

Federal all-risk crop insurance is still very much in the development stage although the eventual goal is to make crop investment insurance generally available to farmers. Careful study of the operations and experience of the Corporation have been made in recent months by the new manager and board of directors of the Corporation. This study has indicated a need for some changes in administration and premium rates in order to bring the Corporation's operations to the point where they can be more nearly self-sustaining than at present. These changes are already under way and will be introduced

gradually to strengthen the soundness of the insurance operation and to effect economy in its administration.

Analysis of the Corporation's experience has made it apparent to the new board of directors that the insurance risk of the Corporation must be spread more widely than at present and premium volume must be increased considerably in order to make sound progress toward the goal of putting the crop insurance operation on a more nearly self-sustaining basis.

FOREIGN FARM TRADE

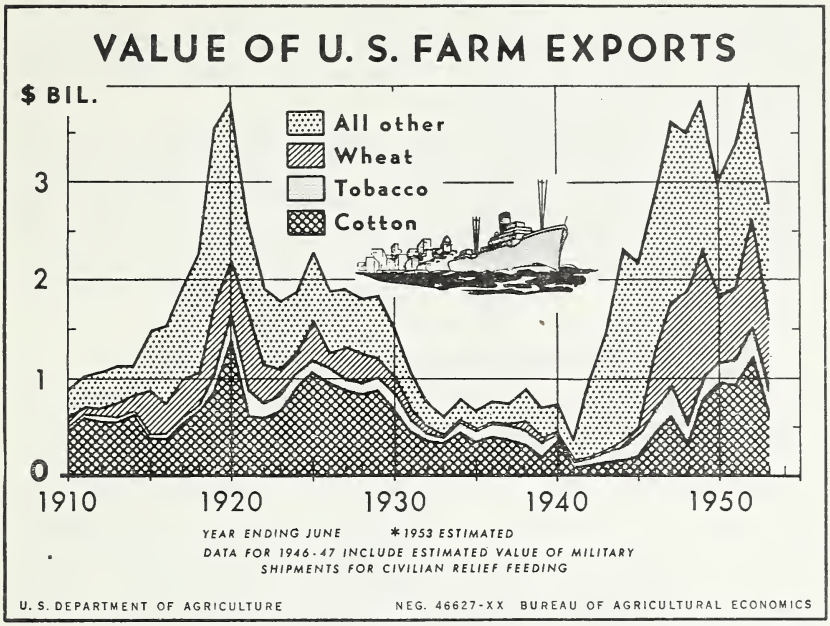
The new Administration came into office at a time of seriously declining farm exports. The "easy export" period brought on by wartime and postwar foreign demand was vanishing. Furthermore, it was found that the previous Administration had not advanced adequate plans for coping with the fall-off in foreign agricultural trade. The export situation took on emergency characteristics because of its depressing effect on our domestic agriculture.

Statistically, American agricultural exports declined 31 percent in value during the 1952–53 year. The total was $2,815,407,000, as compared with the record exports of $4,053,030,000 during the previous fiscal year. Other parts of our economy were not affected similarly. Nonagricultural exports actually increased by 6 percent during the same period that farm exports dropped nearly a third. The domestic farm economy was bearing the brunt of the slowdown in foreign markets. Surpluses, falling commodity prices, and acreage and marketing controls were the tragic result.

With the new Administration coming into office, this Department acted to put its house in proper order to cope with the foreign trade problem. The former Office of Foreign Agricultural Relations, a staff office of the Secretary, was replaced by a new Foreign Agricultural Service and given high-level status in the departmental organization. Direction of the new office was made the responsibility of a new Assistant Secretary for Foreign Agricultural Service. A complete reorientation of the foreign work was made, with emphasis to be placed on accelerating the foreign marketing of American farm products.

In its analysis of the problem, the new Foreign Agricultural Service found need for two types of action, one immediate and the other longer range:

(1) American agriculture needs more on-the-spot information from foreign countries, on market opportunities, on existing or potential competition, and on foreign policies and situations adversely affecting



Following World War I, the value of agricultural exports fell sharply from its 1920 peak to a low in 1941. During and after World War II the value of these exports rose rapidly, reflecting the disruption of agriculture in Western Europe and extensive U. S. foreign aid during that period. Increased quantities and higher prices contributed to the rise after 1941.

The value of agricultural exports in 1951-52 was 4.0 billion dollars, up 19 percent from the preceding year. In the fiscal year 1952-53 agricultural exports were valued at 2.8 billion or about 30 percent lower than in 1951-52. The quantity fell less than the value.

Value of exports of cotton, tobacco, wheat, and total agricultural products, United States, 1910-53 1/

Year ending June	Cotton 2/	Tobacco 3/	Wheat 4/	Other	Total agricultural products	Year ending June	Cotton 2/	Tobacco 3/	Wheat 4/	Other	Total agricultural products
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars		Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1910	450	38	95	286	869	1932	338	86	84	244	752
1911	585	39	71	334	1,029	1933	322	63	25	180	590
1912	566	43	79	360	1,048	1934	438	100	26	223	787
1913	547	49	142	383	1,121	1935	327	121	14	207	669
1914	610	54	142	306	1,112	1936	392	141	4	229	766
1915	373	44	428	629	1,474	1937	374	130	10	218	732
1916	365	53	303	795	1,516	1938	305	149	105	332	891
1917	519	60	391	996	1,966	1939	175	144	69	295	683
1918	654	70	326	1,229	2,279						
1919	868	190	693	1,828	3,579	1940	340	65	32	301	738
						1941	67	39	25	219	350
1920	1,380	273	547	1,650	3,850	1942	97	74	25	836	1,032
1921	599	238	844	925	2,606	1943	134	102	33	1,228	1,497
1922	594	157	377	787	1,915	1944	143	152	55	1,955	2,305
1923	657	146	276	719	1,798	1945	184	235	80	1,692	2,191
1924	899	168	176	624	1,867	1946	417	275	563	1,602	2,857
1925	1,054	132	404	690	2,280	1947	591	324	877	1,818	3,610
1926	914	167	167	644	1,892	1948	331	205	1,361	1,608	3,505
1927	860	136	318	594	1,908	1949	807	225	1,300	1,498	3,830
1928	813	136	288	578	1,815						
1929	861	148	147	641	1,847	1950	944	235	661	1,146	2,986
						1951	935	273	730	1,473	3,411
1930	667	148	192	489	1,496	1952	1,189	327	1,061	1,476	4,053
1931	422	142	118	356	1,038	1953*	571	285	688	1,292	2,816

1/ Includes army civilian supply shipments beginning July 1945. 2/ Excluding linters.
3/ Unmanufactured leaf. 4/ Includes flour from United States wheat only, beginning January 1935.
*Preliminary.

Data from "Foreign Agricultural Trade" issued by Office of Foreign Agricultural Relations, U. S. D. A.

our agricultural trade. To meet this need, the Service laid plans for and began sending an increased number of American marketing and commodity specialists to foreign areas to find outlets and to report back directly on existing situations.

(2) American agriculture needs a better "atmosphere" in which to do business with foreign countries. Too many negative factors are working against the movement of American farm goods to foreign markets. One of these is the trend toward nationalism and agricultural self-sufficiency of many countries, with resulting restrictions on imports from us. Another is the shortage of dollars in foreign areas, and the problems of currency convertibility. Still another is the disparity between the higher protected farm prices of the United States and the lower prices offered by the world market. Yet another is the low economic position of too many nations, making them poor customers for our commodities.

Factors such as these were placed under immediate study with appointment of an Advisory Committee on Foreign Agricultural Trade and Technical Assistance. This committee, comprising 13 national agricultural leaders, performed outstandingly. On the basis of its recommendations, the Department issued a clear-cut statement of its foreign agricultural policy objectives which, briefly, were stated as:

Strengthening of the Department's foreign work so that it can better serve American agriculture in the area of foreign trade and international relationships. This has been done.

Support for a new foreign trade policy for the Nation, aimed at acceleration of two-way trade. Development of such a new policy implies careful reconsideration of our tariffs, import controls, customs procedures, farm price programs, and such factors directly affecting the two-way flow of goods and services.

Support for the new Commission on Foreign Economic Policy, established on the President's recommendation to give leadership in developing the new foreign trade policy. This group is scheduled to complete its studies and make its recommendations early in 1954.

Support for 1-year renewal of the Reciprocal Trade Agreements Act, pending reconsideration of our international trade relationships. Such renewal was made by the 83d Congress.

Support for development in other countries of stable conditions conducive to economic and trade development, including expansion of private investment and continuation of technical assistance. The Department is contributing to this objective by participating both in technical assistance programs abroad and by aiding the training in this country of foreign agricultural scientists and technicians.

The Department goes forward under its new leadership in the knowledge that its domestic programs and its foreign programs are not separate compartments but two parts of a single responsibility. That responsibility is to enhance the welfare of American agriculture.

The domestic market is, of course, the larger market for American agriculture. Nevertheless, the foreign market is an important companion outlet and has been so ever since the first days of our Nation. Approximately 50 million acres of American cropland are devoted to producing crops for export. Any significant loss in our foreign agricultural market shakes our entire agricultural economy—the very repercussions that we have been experiencing this past year and a half. With this in mind, it is the intention of this Administration to take all steps within its ability to retain the foreign sales opportunities for American farm products.

THE OUTLOOK FOR AGRICULTURE

Many questions face farmers, consumers, Government officials, and all our people about what is going to happen in agriculture in the months immediately ahead.

Will supplies continue to pile up?

Will the demand picture change?

What is the outlook for farm prices and farm incomes?

Assuming average weather and no major changes in the international situation, three principal points stand out in the outlook picture for 1954.

First, we shall continue to have large supplies of farm commodities. At the beginning of the present crop year we carried over big stocks of wheat, cotton, and corn. Cotton and wheat carryover stocks were double or more than double those of a year earlier. Moreover, total farm output in 1953 equaled the all-time high reached in 1952—44 percent above the 1935–39 average output. And, although farmers have approved marketing quotas on 1954 wheat and cotton, total supplies of these commodities will remain high. As for livestock and livestock products, our economists look for continued big marketings and little change in supplies.

What about the effect of the drought on 1954 crops? The drought was widespread through the Southwest, the Midwest, and the Central Appalachian region; nevertheless, crops and pastures in 1954 will depend primarily on 1954 weather.

The second point that stands out in the outlook picture is the prospect for strong consumer demand here at home and for some expansion in demand in the foreign market. Consumers will probably buy about as much food in 1954 as they did in 1953. They will have about as many food dollars to spend and we know that the American consumer wants to maintain a good diet.

Except for wheat, there may be a slight improvement in the foreign outlets for our farm products. Output of foreign cotton was down in 1952–53, and stocks of United States tobacco in some European countries are low. We look for some improvement in exports of cotton and fats and oils, and possibly also of tobacco.

As for prices and incomes, the outlook indicates that most of the price adjustments have been made and the situation has now become fairly stabilized.

The cost-price squeeze of the past several years has been severe—and particularly so with respect to beef—but there has been comparatively little change in the overall parity ratio since January 1953.

In February 1951, prices received by farmers averaged 113 percent of parity. By February 1953 they had fallen to 94 percent of parity—down 17 percent. Since that time they have dropped only 4 percent and on December 15 had risen 1 point to 91 percent of parity.

Farm prices in 1954 may decline slightly, but farm costs are also expected to dip downward.

To sum it up, the supply and demand situations, and also the price and income situations, offer encouragement.

Of course, we are not satisfied with the present level of farm income. It is not enough that prices be stable if they do not give farmers their rightful share of the national income. Our goal is a farm program that will enable farmers to obtain that rightful share.

The retreat of farm prices and farm incomes has been stopped. Now is the time to reorganize the forces of agriculture—to build renewed confidence—to go forward in a resolute battle to build a stronger and more stable agriculture for the welfare of all the American people.

With the help and blessing of a kind Providence, and with the welfare of America always as our guide, we shall achieve this goal.

EZRA TAFT BENSON,
Secretary of Agriculture.

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